

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2020

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FOR THE YEAR ENDED AUGUST 31, 2020

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CERTIFICATE OF BOARD

Sam Rayburn Independent School District
Name of School District

Fannin
County

074-917
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 21st day of January , 2021.

/s/ Drew Farris

/s/ Chris Flippo

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)

Morgan, Davis, & Company, P.C.

Post Office Box 8158
Greenville, Texas 75404

**Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information
and Other Information**

Independent Auditor's Report

Sam Rayburn Independent School District
9363 E. FM 273
Ivanhoe, Texas 75182

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sam Rayburn 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sam Rayburn 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 on pages 6-10 and the Schedules contained in Exhibits G-1, G-2, G-3, G-4, & G-5 on pages 45-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sam Rayburn Independent School District's basic financial statements. The Combining Statements for Nonmajor Governmental Funds contained in Exhibits H-1 & H-2 on pages 54-60 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statements for Nonmajor Governmental Funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements for Nonmajor Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-2, & J-3. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion are fairly stated in all materials respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020 on our consideration of Sam Rayburn Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sam Rayburn Independent School District's internal control over financial reporting and compliance.

/s/ Morgan, Davis & Company, P.C.

Morgan, Davis, & Company, P.C.
Greenville, Texas

December 31, 2020

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

In this section of the Annual Financial and Compliance Report, we, the administrators of Sam Rayburn Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2020. Please read it in conjunction with the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position increased by \$576,715 as a result of this year's operations.
- The District's assets exceeded its liabilities at the close of the most recent fiscal year by \$9,598,249 which represents the District's total combined net position. Of this amount, \$3,436,683 (unrestricted net position) may be used to meet the District's ongoing obligations.
- As of August 31, 2020, the District's governmental funds reported a combined fund balance of \$6,432,656, compared to \$5,343,314 for the last fiscal year. The General Fund reported a fund balance of \$6,190,463 this fiscal year compared to \$5,113,803 the last fiscal year.
- The District's total tax rate for the 2019-2020 school year was \$ 1.22835 with \$ 1.06835 for maintenance & operation and \$ 0.16000 for debt service.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 12 and 13). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 14) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 23) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by T.E.A. The section labeled Required Texas Education Agency Schedules contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 12. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 14 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the ESSA Title I Part A from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes. The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

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

- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds (a category of proprietary funds) report activities that provide services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statement of Fiduciary Net Position on page 21 and Statement of Changes in Fiduciary Fund Net Position on page 22. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District is presenting government-wide financial analysis in the form of current year data and prior year data and the changes in these accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$8,991,534 last year to \$9,568,249 at August 31, 2020. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from \$2,570,756 last year to \$3,436,683 at August 31, 2020.

Changes in net position of the District's governmental activities were a \$1,364,272 increase last year compared to a \$576,715 increase at August 31, 2020.

Table I
Sam Rayburn Independent School District
NET POSITION

	Governmental Activities 8/31/2020	Governmental Activities 8/31/2019	Net Change
Current and other assets	\$7,837,358	\$5,830,934	\$2,006,424
Capital assets	10,278,682	10,068,789	209,893
Total assets	<u>\$18,116,040</u>	<u>\$15,899,723</u>	<u>\$2,216,317</u>
Deferred Outflows	\$974,704	\$883,739	\$90,965
Current and other liabilities	\$1,283,755	\$342,989	\$940,766
Long-term liabilities	4,406,082	3,895,676	510,406
Net Pension Liability (District's Share)	1,182,382	1,161,435	20,947
Net OPEB Liability (District's Share)	1,688,490	1,733,107	(44,617)
Total liabilities	<u>\$8,560,709</u>	<u>\$7,133,207</u>	<u>\$1,427,502</u>
Deferred Inflows	\$961,786	\$658,721	\$303,065
Net Position:			
Net Investment in Capital Assets	\$5,872,600	\$6,173,113	(\$300,513)
Restricted	258,966	247,665	11,301
Unrestricted	3,436,683	2,570,756	865,927
Total net position	<u><u>\$9,568,249</u></u>	<u><u>\$8,991,534</u></u>	<u><u>\$576,715</u></u>

Table II
Sam Rayburn Independent School District
CHANGES IN NET POSITION

	Governmental Activities Yr Ended 8/31/2020	Governmental Activities Yr Ended 8/31/2019	Net Change
Revenues:			
Program Revenues:			
Charges for Services	\$252,082	\$187,522	\$64,560
Operating grants and contributions	1,143,630	1,552,723	(409,093)
General Revenues:			
Maintenance and operations taxes	1,348,265	1,359,472	(11,207)
Debt service taxes	201,999	185,909	16,090
State aid - formula grants	4,838,571	4,167,927	670,644
Grants & Contributions not restricted to specific functions	177,833	104,007	73,826
Investment Earnings	63,370	124,967	(61,597)
Miscellaneous	14,366	29,593	(15,227)
Total Revenue	<u>\$8,040,116</u>	<u>\$7,712,120</u>	<u>\$327,996</u>
Expenses:			
Instruction, curriculum and media services	\$4,785,276	\$3,901,457	\$883,819
Instructional and school leadership	317,736	354,449	(36,713)
Student support services	344,750	373,883	(29,133)
Child nutrition	261,943	294,768	(32,825)
Co curricular activities	247,757	209,253	38,504
General administration	453,908	345,273	108,635
Plant maintenance, security & data processing	728,247	523,020	205,227
Community services	7,961	11,609	(3,648)
Debt services	152,978	137,981	14,997
Payments to fiscal agents	122,445	149,121	(26,676)
Other intergovernmental charges	40,400	47,034	(6,634)
Total Expenses	<u>\$7,463,401</u>	<u>\$6,347,848</u>	<u>\$1,115,553</u>
Increase in net position before transfers and special items	\$576,715	\$1,364,272	(\$787,557)
Transfers	0	0	0
Special Items	0	0	0
Net Position at Beginning of Fiscal Year	8,991,534	7,627,262	1,364,272
Net Position at End of Fiscal Year	<u><u>\$9,568,249</u></u>	<u><u>\$8,991,534</u></u>	<u><u>\$576,715</u></u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in Exhibit C-3 on page 16) reported a combined fund balance of \$6,432,656, compared to \$5,343,314 for the last fiscal year. The District's General Fund reported a fund balance increase of \$1,076,660, ending the year with \$6,190,463. The District's Special Revenue Funds reported a fund balance decrease of \$19,473, ending the year with \$21,671. The District's Debt Service Fund reported a fund balance increase of \$32,155, ending the year with \$220,522.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments included amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2019) and amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

During the year ended August 31, 2020, the District invested \$641,325 in capital assets, consisting of the completion of the safe room project, miscellaneous facility improvements, maintenance equipment, a police vehicle, a new bus, and two used buses.

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Land	\$346,398	\$0	\$0	\$346,398
Buildings & Improvements	12,276,790	1,713,034	0	13,989,824
Equipment	269,953	28,083	0	298,036
Vehicles	806,072	126,131	0	932,203
Construction in Progress	1,225,923	(1,225,923)	0	0
Totals at Historical Cost	14,925,136	641,325	0	15,566,461
Less accumulated depreciation for:				
Buildings & Improvements	(4,015,469)	(367,210)	0	(4,382,679)
Equipment	(196,800)	(25,987)	0	(222,787)
Vehicles	(644,078)	(38,235)	0	(682,313)
Total accumulated depreciation	(4,856,347)	(431,432)	0	(5,287,779)
Capital Assets, Net	<u>\$10,068,789</u>	<u>\$209,893</u>	<u>\$0</u>	<u>\$10,278,682</u>

Debt:

At year-end August 31, 2020, the District had \$3,781,082 outstanding in bonds compared to \$3,895,676 last year. The District also had \$625,000 outstanding in loans, compared to \$0 last year. During the year, the District borrowed \$625,000 in time warrants, payable over the next 10 years at 1.95% interest.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2021 budget, and tax rates. Several of those factors were the economy, the District's population growth, and unemployment. These factors were taken into account when adopting the General Fund budget for 2021. Amounts available for appropriation in the General Fund budget are \$2,215,463. The District has added no major new programs or initiatives to the 2021 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Sam Rayburn Independent School District, 9363 East FM 273, Ivanhoe, Texas.

BASIC FINANCIAL STATEMENTS

SAM RA YBURN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 152,211
1120 Current Investments	7,043,031
1220 Property Taxes - Delinquent	137,454
1230 Allowance for Uncollectible Taxes	(4,007)
1240 Due from Other Governments	501,158
1290 Other Receivables, Net	7,511
Capital Assets:	
1510 Land	346,398
1520 Buildings, Net	9,607,145
1530 Furniture and Equipment, Net	75,249
1540 Vehicles, Net	249,890
1000 Total Assets	18,116,040
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	618,883
1706 Deferred Outflow Related to TRS OPEB	355,821
1700 Total Deferred Outflows of Resources	974,704
LIABILITIES	
2110 Accounts Payable	15,372
2140 Interest Payable	9,151
2160 Accrued Wages Payable	270,571
2180 Due to Other Governments	977,292
2200 Accrued Expenses	6,651
2300 Unearned Revenue	4,718
Noncurrent Liabilities:	
2501 Due Within One Year	162,000
2502 Due in More Than One Year	4,244,082
2540 Net Pension Liability (District's Share)	1,182,382
2545 Net OPEB Liability (District's Share)	1,688,490
2000 Total Liabilities	8,560,709
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	231,321
2606 Deferred Inflow Related to TRS OPEB	730,465
2600 Total Deferred Inflows of Resources	961,786
NET POSITION	
3200 Net Investment in Capital Assets	5,872,600
3850 Restricted for Debt Service	237,295
3870 Restricted for Campus Activities	21,671
3900 Unrestricted	3,436,683
3000 Total Net Position	\$ 9,568,249

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

SAM RAYBURN 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
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 4,700,215	\$ 107,017	\$ 658,118	\$ (3,935,080)
12 Instructional Resources and Media Services	79,288	-	4,665	(74,623)
13 Curriculum and Instructional Staff Development	5,773	-	-	(5,773)
23 School Leadership	317,736	-	22,622	(295,114)
31 Guidance, Counseling, and Evaluation Services	131,712	-	8,904	(122,808)
33 Health Services	5,448	-	-	(5,448)
34 Student (Pupil) Transportation	207,590	-	10,726	(196,864)
35 Food Services	261,943	61,146	142,717	(58,080)
36 Extracurricular Activities	247,757	25,340	6,410	(216,007)
41 General Administration	453,908	58,179	21,824	(373,905)
51 Facilities Maintenance and Operations	655,961	400	65,719	(589,842)
52 Security and Monitoring Services	72,286	-	25,798	(46,488)
61 Community Services	7,961	-	746	(7,215)
72 Debt Service - Interest on Long-Term Debt	137,478	-	-	(137,478)
73 Debt Service - Bond Issuance Cost and Fees	15,500	-	-	(15,500)
81 Capital Outlay	-	-	175,381	175,381
93 Payments Related to Shared Services Arrangements	122,445	-	-	(122,445)
99 Other Intergovernmental Charges	40,400	-	-	(40,400)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 7,463,401	\$ 252,082	\$ 1,143,630	(6,067,689)

Data Control Codes		General Revenues:	
		Taxes:	
MT	Property Taxes, Levied for General Purposes		1,348,265
DT	Property Taxes, Levied for Debt Service		201,999
SF	State Aid - Formula Grants		4,838,571
GC	Grants and Contributions not Restricted		177,833
IE	Investment Earnings		63,370
MI	Miscellaneous Local and Intermediate Revenue		14,366
TR	Total General Revenues		6,644,404
CN	Change in Net Position		576,715
NB	Net Position - Beginning		8,991,534
NE	Net Position - Ending		\$ 9,568,249

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

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes	10 General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 133,364	\$ 15,351	\$ 148,715
1120 Investments - Current	6,976,679	66,352	7,043,031
1220 Property Taxes - Delinquent	123,943	13,511	137,454
1230 Allowance for Uncollectible Taxes	(3,613)	(394)	(4,007)
1240 Due from Other Governments	307,768	193,390	501,158
1290 Other Receivables	7,511	-	7,511
1000 Total Assets	<u>\$ 7,545,652</u>	<u>\$ 288,210</u>	<u>\$ 7,833,862</u>
LIABILITIES			
2160 Accrued Wages Payable	\$ 249,220	\$ 21,351	\$ 270,571
2170 Due to Other Funds	13,245	-	13,245
2180 Due to Other Governments	967,140	10,152	977,292
2200 Accrued Expenditures	5,254	1,397	6,651
2300 Unearned Revenue	4,103	615	4,718
2000 Total Liabilities	<u>1,238,962</u>	<u>33,515</u>	<u>1,272,477</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	116,227	12,502	128,729
2600 Total Deferred Inflows of Resources	<u>116,227</u>	<u>12,502</u>	<u>128,729</u>
FUND BALANCES			
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	220,522	220,522
3490 Other Restricted Fund Balance	-	21,671	21,671
Committed Fund Balance:			
3510 Construction	3,350,000	-	3,350,000
3525 Retirement of Loans or Notes Payable	625,000	-	625,000
3600 Unassigned Fund Balance	2,215,463	-	2,215,463
3000 Total Fund Balances	<u>6,190,463</u>	<u>242,193</u>	<u>6,432,656</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,545,652</u>	<u>\$ 288,210</u>	<u>\$ 7,833,862</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 6,432,656
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase(decrease) net position.	1,369
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$14,925,136, and the accumulated depreciation was \$4,856,347. In addition, long-term liabilities, including bonds payable of \$3,895,676, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. Accrued interest payable on long term debt of \$6,279 is not reflected in the fund financial statements, but is shown in the government-wide financial statements. The net effect of including the beginning balances for capital assets (net of depreciation), and long-term debt in the governmental activities, is to increase (decrease) net position.	6,166,834
3 Current year capital outlays of \$641,325, and long-term debt principal payments of \$100,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Interest payable of \$2,872, and amortization of bond premiums of \$14,594, are recorded in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase (decrease) net position.	753,047
4 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 of \$128,729 as revenue, eliminating interfund transactions, reclassifying loan proceeds of \$625,000, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(496,271)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(431,432)
6 The District is required by GASB 68 to recognize its proportionate share of the net pension liability in the amount of \$1,182,382, a deferred resource inflow in the amount of \$231,321, and a deferred resource outflow in the amount of \$618,883. The net effect of including the net pension liability, deferred resource inflows, and deferred resource outflows, is to increase (decrease) net position.	(794,820)
7 The District is required by GASB 75 to recognize its proportionate share of the OPEB liability in the amount of \$1,688,490, a deferred resource inflow in the amount of \$730,465, a deferred resource outflow in the amount of \$355,821. The net effect of including the net OPEB liability, deferred resource inflows, and deferred resource outflows, is to increase (decrease) net position.	(2,063,134)
19 Net Position of Governmental Activities	\$ 9,568,249

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

SAM RAYBURN 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 Governmental Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,614,642	\$ 287,621	\$ 1,902,263
5800 State Program Revenues	5,072,626	213,987	5,286,613
5900 Federal Program Revenues	87,498	533,660	621,158
5020 Total Revenues	6,774,766	1,035,268	7,810,034
EXPENDITURES:			
Current:			
0011 Instruction	3,846,540	291,726	4,138,266
0012 Instructional Resources and Media Services	70,948	-	70,948
0013 Curriculum and Instructional Staff Development	5,773	-	5,773
0023 School Leadership	274,436	-	274,436
0031 Guidance, Counseling, and Evaluation Services	109,496	-	109,496
0033 Health Services	5,448	-	5,448
0034 Student (Pupil) Transportation	268,308	-	268,308
0035 Food Services	-	235,138	235,138
0036 Extracurricular Activities	174,307	38,304	212,611
0041 General Administration	396,043	-	396,043
0051 Facilities Maintenance and Operations	589,412	38,341	627,753
0052 Security and Monitoring Services	53,854	25,000	78,854
0061 Community Services	7,961	-	7,961
Debt Service:			
0071 Principal on Long-Term Debt	-	100,000	100,000
0072 Interest on Long-Term Debt	-	149,200	149,200
0073 Bond Issuance Cost and Fees	15,000	500	15,500
Capital Outlay:			
0081 Facilities Acquisition and Construction	311,731	175,381	487,112
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	122,445	-	122,445
0099 Other Intergovernmental Charges	40,400	-	40,400
6030 Total Expenditures	6,292,102	1,053,590	7,345,692
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	482,664	(18,322)	464,342
OTHER FINANCING SOURCES (USES):			
7914 Non-Current Loans	625,000	-	625,000
7915 Transfers In	-	31,004	31,004
8911 Transfers Out (Use)	(31,004)	-	(31,004)
7080 Total Other Financing Sources (Uses)	593,996	31,004	625,000
1200 Net Change in Fund Balances	1,076,660	12,682	1,089,342
0100 Fund Balance - September 1 (Beginning)	5,113,803	229,511	5,343,314
3000 Fund Balance - August 31 (Ending)	\$ 6,190,463	\$ 242,193	\$ 6,432,656

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 1,089,342
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.	1,369
Current year capital outlays of \$641,325, and long-term debt principal payments of \$100,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Interest payable of \$2,872, and amortization of bond premiums of \$14,594, are recorded in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase (decrease) net position.	753,047
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 by \$22,181 to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying loan proceeds of \$625,000, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(647,181)
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.	(431,432)
Current year changes due to GASB 68 increased revenues in the amount of \$226,675, but also increased expenses in the amount of \$378,323. The impact of these items is to increase (decrease) the change in net position.	(151,648)
Current year changes due to GASB 75 increased revenues in the amount of \$25,588, but also increased expenses in the amount of \$62,370. The impact of these items is to increase (decrease) the change in net position.	(36,782)
Change in Net Position of Governmental Activities	\$ 576,715

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

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2020

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,496
Due from Other Funds	<u>13,245</u>
Total Assets	<u>16,741</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>15,372</u>
Total Liabilities	<u>15,372</u>
NET POSITION	
Unrestricted Net Position	<u>1,369</u>
Total Net Position	<u><u>\$ 1,369</u></u>

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

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

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 15,038
Total Operating Revenues	<u>15,038</u>
OPERATING EXPENSES:	
Other Operating Costs	13,669
Total Operating Expenses	<u>13,669</u>
Operating Income	1,369
Total Net Position - September 1 (Beginning)	<u>-</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 1,369</u></u>

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

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 15,038
Cash Payments for Insurance Claims	(14,927)
Net Cash Provided by Operating Activities	111
Net Increase in Cash and Cash Equivalents	111
Cash and Cash Equivalents at Beginning of Year	3,385
Cash and Cash Equivalents at End of Year	\$ 3,496
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 1,369
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(1,258)
Net Cash Provided by Operating Activities	\$ 111

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

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

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 47,341
Total Assets	<u>47,341</u>
NET POSITION	
Unrestricted Net Position	<u>47,341</u>
Total Net Position	<u>\$ 47,341</u>

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

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

	Custodial Fund
ADDITIONS:	
Cocurricular Services or Activities	\$ 113,959
Total Additions	<u>113,959</u>
DEDUCTIONS:	
Other Deductions	<u>86,859</u>
Total Deductions	<u>86,859</u>
Change in Fiduciary Net Position	27,100
 Total Net Position - September 1 (Beginning)	 -
Prior Period Adjustment	<u>20,241</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 47,341</u></u>

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

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sam Rayburn 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.

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic 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.

Sam Rayburn Independent School District applies 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. For investment pools, the District's investments are accounted for using the cost amortization method.

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Sam Rayburn 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.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for 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 sometimes require the District to refund all or part of the unused amount.

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

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

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 types:

Governmental Funds:

2. **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.
3. **Debt Service Fund** – 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.

Proprietary Funds:

4. **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's Internal Service Fund is the Workers Comp Self Insurance Fund.

Fiduciary Funds:

5. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the Student Activity Fund.

E. Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31, and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2020 that were subsequently provided for in the next year's budget for the General Fund.

F. 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. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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.

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Capital assets, which include land, buildings, furniture and equipment 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>Asset Classification</u>	<u>Useful Life</u>
Buildings	15-50 years
Building Improvements	15-50 years
Vehicles & Buses	5-10 years
Equipment	5-7 years

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Net position on the government-wide *Statement of Net Position* includes the following:

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

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

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

Restricted for Campus Activities is the component of net position that is restricted for campus activities.

Restricted for Scholarships is the component of net position that is restricted for scholarships.

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

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

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

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

Committed fund balance is that portion of fund balance that is committed to a specific purpose by the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by Board action. These amounts cannot be used for any other purpose unless the Board removes or changes the constraint by exercising the same type of action originally used to commit the funds.

Unassigned fund balance is the difference between the total fund balance and the total of the non-spendable, restrict, and committed fund balances and can be utilized for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

8. When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, or unassigned fund balances are available, the District considers amounts to have been spent first from committed funds, then unassigned funds, as need, unless the Board of Trustees has provided otherwise in its commitment actions.
9. 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 and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Certain deferred charges related to TRS pension and other post-employment benefits are reported as deferred outflows of resources on the government-wide statement of net position.
10. 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. Certain deferred charges related to TRS pension and other post-employment benefits are reported as deferred inflows on the government-wide statement of net position.
11. 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.

II. STEWARDSHIP, COMPLIANCE & 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 J-2 and J-3.

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 July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
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. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

A reconciliation of fund balances for both appropriated budget & nonappropriated budget special revenue funds is as follows:

Appropriated Budget Funds - Food Service	\$0
Nonappropriated Budget Funds-Campus Activity	21,671
All Special Revenue Funds	<u>\$21,671</u>

III. DETAILED NOTES ON ALL FUNDS & ACCOUNT GROUPS

Note A. DEPOSITS AND INVESTMENTS

The District's funds must be deposited under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$152,211 in the depository bank and \$7,043,031 in Texpool investment accounts. At August 31, 2020 and during the year then ended, the District's combined deposits were not fully insured by FDIC insurance or collateralized with securities held by the District's agent bank in the District's name, or by letters of credit.

Depository information required to be reported to the Texas Education Agency is as follows:

- a. Depository: Fannin Bank, Bonham, Texas
- b. The highest combined balance of cash, savings, and time deposits accounts amounted to \$1,119,714, and occurred during the month of November 2019.
- c. The market value of securities pledged as of the date of the highest combined balance on deposit was \$534,784.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$379,334.

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 below 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 judgement and considers factors specific to each asset.

The District has the following recurring fair value measurements as of August 31, 2020:

Cash & Cash Equivalents of \$152,211 are valued using quoted market prices (Level 1 inputs)

Investments in Texpool accounts of \$7,043,031 are valued using quoted market prices (Level 1 inputs).

The District has no investments measured at the Net Asset Value (NAV) per Share or its equivalent.

The **Public Funds Investment Act** (PFIA) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy, which must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements, and certain other investments. The investments owned at fiscal year-end are held by the District or its agent in the District's name.

In compliance with the PFIA, the District has adopted a deposit and investment policy, which address the following risks:

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

Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The District's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC coverage protected by approved pledged securities held on behalf of the District.

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

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

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

Note 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.

The assessed value of the roll as of the end of the fiscal year was \$126,207,037. The tax rates levied for the fiscal year ended August 31, 2020, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.06835 and \$0.16000 per \$100 valuation, respectively, for a total of \$1.22835 per \$100 valuation. Current year tax collections for the period ended August 31, 2020, were 99.52% of the levy and 98.97% in the prior year.

Note 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.

Note D. RECEIVABLES

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 Available School Fund.

Receivables due from other governments as of August 31, 2020 are as follows:

<u>Fund</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Other Governments</u>	<u>Totals</u>
General Fund	\$306,481	\$0	\$1,287	\$307,768
Debt Service Funds	0	0	188	188
Special Revenue Funds	0	193,202	0	193,202
Totals	\$306,481	\$193,202	\$1,475	\$501,158

Note E. INTERFUND TRANSACTIONS

Interfund balances at August 31, 2020, consisted of the following individual receivables & payables:

Due to Internal Service Fund from:

General Fund	\$13,245
Total to Internal Service Fund from Other Funds	<u>\$13,245</u>

Interfund transfers for the year ended August 31, 2020, consisted of the following individual amounts:

Transfers to Nonmajor Governmental Funds from:

General Fund	\$31,004
Total Transferred to Nonmajor Governmental Funds from Other Funds	<u>\$31,004</u>

Note F. CAPITAL ASSETS

A summary of changes in capital assets for the year ended August 31, 2020 is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$346,398	\$0	\$0	\$346,398
Buildings & Improvements	12,276,790	1,713,034	0	13,989,824
Equipment	269,953	28,083	0	298,036
Vehicles	806,072	126,131	0	932,203
Construction in Progress	1,225,923	(1,225,923)	0	0
Totals at Historical Cost	<u>14,925,136</u>	<u>641,325</u>	<u>0</u>	<u>15,566,461</u>
Less accumulated depreciation for:				
Buildings & Improvements	(4,015,469)	(367,210)	0	(4,382,679)
Equipment	(196,800)	(25,987)	0	(222,787)
Vehicles	(644,078)	(38,235)	0	(682,313)
Total accumulated depreciation	<u>(4,856,347)</u>	<u>(431,432)</u>	<u>0</u>	<u>(5,287,779)</u>
Capital Assets, Net	<u>\$10,068,789</u>	<u>\$209,893</u>	<u>\$0</u>	<u>\$10,278,682</u>

Depreciation expense for the current year was charged to governmental functions as follows:

11 Instruction	\$255,577
12 Instructional Resources & Media Services	3,932
23 School Leadership	15,728
31 Guidance, Counseling, & Evaluation Services	7,864
34 Student (Pupil) Transportation	46,099
35 Food Services	15,728
36 Cocurricular/Extracurricular Activities	19,660
41 General Administration	27,524
51 Plant Maintenance & Operations	35,388
52 Security & Monitoring Services	<u>3,932</u>
Total Depreciation Expense	<u>\$431,432</u>

Note G. LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$3,560,000	\$0	(\$100,000)	\$3,460,000	\$105,000
Unamortized Bond Premiums	335,676	0	(14,594)	321,082	
Total Bonds Payable, Government-Wide	\$3,895,676	\$0	(\$114,594)	\$3,781,082	
Loans	0	625,000	0	625,000	57,000
Total Governmental Activities	\$3,895,676	\$625,000	(\$114,594)	\$4,406,082	\$162,000

Bonds

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

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.

A summary of changes in bonds for the year ended August 31, 2020 is as follows:

<u>Description</u>	<u>Interest Rates Payable</u>	<u>Amounts of Original Issue</u>	<u>Interest Current Year</u>	<u>Beginning Amounts Outstanding 9/01/19</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Amounts Outstanding 8/31/20</u>
Unlimited Tax School							
Building Bonds-Series 2015	2.00-5.00%	\$3,765,000	\$149,200	\$3,560,000	\$0	(\$100,000)	\$3,460,000
Total General Obligation							
Bonds			\$149,200	\$3,560,000	\$0	(\$100,000)	\$3,460,000
Unamortized Bond Premiums				335,676	0	(14,594)	321,082
on GOBs							
Total Bonds Payable, Government-Wide Financials				\$3,895,676	\$0	(\$114,594)	\$3,781,082

Debt service requirements for bonds are as follows:

<u>Year Ending August 31,</u>	<u>Bonds</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$105,000	\$146,125	\$251,125
2022	105,000	142,975	247,975
2023	110,000	139,750	249,750
2024	110,000	136,450	246,450
2025	115,000	133,075	248,075
2026-2030	650,000	593,750	1,243,750
2031-2035	790,000	450,350	1,240,350
2036-2040	1,000,000	248,750	1,248,750
2041-Maturity	475,000	24,125	499,125
Total Bonds	<u>\$3,460,000</u>	<u>\$2,015,350</u>	<u>\$5,475,350</u>

Loans

A summary of changes in loans for the year ended August 31, 2020 is as follows:

<u>Date of Issue</u> <u>/Maturity</u>	<u>Purpose/Lawful</u> <u>Authority</u>	<u>Fund Payable</u>	<u>Current Year</u> <u>Interest</u>	<u>Beginning</u> <u>Balance</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Retired</u>	<u>Ending</u> <u>Balance</u>
		<u>From/Interest</u> <u>Rate</u>					
06/20-06/30	Time Warrants/ TEC 45.108	General/1.95%	\$0	\$0	\$625,000	\$0	\$625,000
Totals			<u>\$0</u>	<u>\$0</u>	<u>\$625,000</u>	<u>\$0</u>	<u>\$625,000</u>

Debt service requirements for loans are as follows:

<u>Year Ending August 31,</u>	<u>Loans</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$57,000	\$12,086	\$69,086
2022	58,000	11,076	69,076
2023	59,000	9,945	68,945
2024	61,000	8,795	69,795
2025	62,000	7,605	69,605
2026-Maturity	328,000	19,441	347,441
Totals	<u>\$625,000</u>	<u>\$68,948</u>	<u>\$693,948</u>

Note H. DUE TO OTHER GOVERNMENTS

As of August 31, 2020, the District had \$967,140 due to TEA for 2019-2020 state foundation revenue settle-up. The District also had \$4,506 due to TEA for 2019-2020 existing debt allotment state revenue settle-up and \$5,646 due to TEA for 2019-2020 instructional facility allotment state revenue settle-up. The Texas Education Agency will deduct these amounts from the District's 2020-2021 state revenues.

Note I. UNEARNED REVENUE & UNAVAILABLE REVENUE

Unearned revenue is that portion of the net revenue receivable which is expected to be collected within the first 60 days following the fiscal year end. Unavailable revenue is that portion of the net revenue receivable which is not expected to be collected within the first 60 days following the fiscal year end.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Unearned Revenue:				
Property Tax Revenue	\$4,103	\$0	\$615	\$4,718
Total Unearned Revenue	\$4,103	\$0	\$615	\$4,718
Unavailable Revenue:				
Property Tax Revenue	\$116,227	\$0	\$12,502	\$128,729
Total Unavailable Revenue	\$116,227	\$0	\$12,502	\$128,729

Note J. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Property Taxes	\$1,342,628	\$0	\$200,197	\$1,542,825
Penalties, Interest, & Other Tax				
Related Income	29,087	0	4,898	33,985
Investment Income	61,092	0	2,278	63,370
Tuition	25,816	0	0	25,816
Gifts & Bequests	10,000	0	0	10,000
Food Service Sales	0	61,146	0	61,146
Athletics	6,238	0	0	6,238
Co-curricular	0	19,102	0	19,102
Other	139,781	0	0	139,781
Totals	\$1,614,642	\$80,248	\$207,373	\$1,902,263

Note K. RISK MANAGEMENT

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

Health Care Coverage

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees. The District contributed \$340 per month per enrolled employee, which includes \$75 per month which is reimbursed by the State of Texas to the Plan. Employees, at their option, authorized payroll withholdings to pay the additional cost of the premiums for themselves and their dependents.

Workers Compensation Coverage

The District was self-funded for workers compensation insurance and has an interlocal agreement with Claims Administration Services, Inc. (CAS) to serve as the District's third-party administrator. Transactions related to the plan are accounted for in the Workers Compensation Insurance Fund (the "Fund"), an internal service fund of the District. The District makes all contributions to the fund. Claims Administrative Services, Inc. obtained excess loss insurance, which limited annual claims paid from the entire fund for the year ended August 31, 2020, to \$350,000 for any individual participant. The liability is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance of the

financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Year Ended August 31, 2019</u>	<u>Year Ended August 31, 2020</u>
Unpaid claims, beginning of fiscal year	\$15,784	\$16,630
Incurred claims (including IBNR's)	14,088	13,669
Claim payments	(13,242)	(14,927)
Unpaid claims, end of fiscal year	<u>\$16,630</u>	<u>\$15,372</u>

Litigation and Contingencies

The District may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcome of any lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly no provision for losses has been recorded.

State and Federal Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies. Therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities related to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note L. DEFINED BENEFIT PENSION PLAN

Plan Description. Sam Rayburn 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) 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. The information provided in the Notes to the Financial Statements in the 2019 Comprehensive Annual Financial Report by TRS provides the following information regarding components of the Net Pension Liability of the Pension plan as of August 31, 2019:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 209,961,325,288
Less: Plan Fiduciary Net Position	<u>157,978,199,075</u>
Net Pension Liability	<u>\$ 51,983,126,213</u>
Net position as a percentage of total pension liability	75.24%

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. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. 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. Senate Bill 12 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.

	<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 FY Employer Contributions		\$ 98,544
District's 2020 FY Member Contributions		\$ 287,626
Measurement Year NECE On-Behalf Contributions		\$ 176,249

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 Methods and Assumptions. The total pension liability in the August 31, 2019 actuarial valuation was determined using the following assumptions:

Valuation Date August 31, 2018 rolled forward to August 31, 2019

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August, 2019	2.63%
Last year ending August 31 in	
Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Payroll Growth Rate	3.00%
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are 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% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for health lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale UMP.

Discount Rate. The single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the 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. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The expected long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, not of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major class included in the systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	FY 2019 Target Allocation*	New Target Allocation**	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
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%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
Stable Value			
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)	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds****	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8%/6.5% *****
Asset Allocation Leverage Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	<u>0.0</u>	<u>(6.00)</u>	<u>2.70</u>

Expected Return**7.23%**

* 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

*** 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 2019 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Current Single Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 1,817,493	\$ 1,182,382	\$ 667,820

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2020, Sam Rayburn Independent School District reported a liability of \$1,182,382 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Sam Rayburn Independent School District. The amount recognized by Sam Rayburn 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 Sam Rayburn Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 1,182,382
State's proportionate share that is associated with the District	<u>2,617,727</u>
Total	<u>\$3,800,109</u>

The net pension liability was measured as of August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's portion 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 0.000022745502% compared to 0.000021100724% at August 31, 2018. This was an increase of 0.000001644778%.

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% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of Senate Bill 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, Sam Rayburn Independent School District recognized pension expense of \$411,208 and revenue of \$411,208 for support provided by the State in the Government-Wide Statement of Activities.

At August 31, 2020, Sam Rayburn 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	\$ 4,967	\$ 41,054
Changes in actuarial assumptions	366,833	151,593
Net Difference between projected and actual investment earnings	11,872	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	136,667	38,674
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	98,544	
Total	\$618,883	\$231,321

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 pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2021	\$ 75,882
2022	62,129
2023	72,680
2024	61,709
2025	23,959
Thereafter	(7,340)

Note M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The Sam Rayburn 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. TRS-Care provides health insurance coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas.

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%

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 Senate Bill 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% or not more than 0.75% 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>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		\$ 17,946
District's 2020 FY Member Contributions		\$ 24,533
Measurement Year NECE On-Behalf Contributions		\$ 33,669

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	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	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.

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:	\$ 2,038,548	\$ 1,688,490	\$ 1,414,637

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:	\$ 1,377,410	\$ 1,688,490	\$ 2,105,192

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2020, Sam Rayburn Independent School District reported a liability of \$1,688,490 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 Sam Rayburn Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 1,688,490
State's proportionate share that is associated with the District	<u>2,243,624</u>
Total	<u>\$3,932,114</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 0.000035704061% compared to the 0.000034710089% at August 31, 2018. This is an increase of 0.000000993972%.

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.
- 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, Sam Rayburn Independent School District recognized OPEB expense of \$59,133 and revenue of \$59,133 for support provided by the State.

At August 31, 2020, Sam Rayburn 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	\$82,835	\$276,303
Changes in actuarial assumptions	93,782	454,162
Net Difference between projected and actual investment earnings	182	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	149,789	
Contributions paid to TRS subsequent to the measurement date	29,233	
Total	\$355,821	\$730,465

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 Amount
2021	\$ (72,849)
2022	(72,849)
2023	(72,908)
2024	(72,943)
2025	(72,933)
Thereafter	(39,396)

Note N. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare 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. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire payroll reported by all reporting entities. State Contributions for Medicare Part D made on behalf of Sam Rayburn Independent School District's employees were \$17,869, \$11,936, and \$9,294, respectively for fiscal years ended August 31, 2020, 2019, and 2018.

Note O. JOINT VENTURES – SHARED SERVICE ARRANGEMENTS

The District participates in shared services arrangements for Special Education Services, with other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Sam Rayburn Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

Note P. SUBSEQUENT EVENTS

In reviewing its financial statements, management has evaluated events subsequent to the balance sheet date through December 31, 2020, which is the date the financial statements were available to be issued.

Note Q. PRIOR PERIOD ADJUSTMENT

During the fiscal year 2020, the District early adopted GASB Statement No. 84 for Fiduciary Activities. With GASB 84, the District reports Custodial Funds (formerly Agency Funds) for Student Activities as Fiduciary Funds, showing additions, deductions, and changes to net position. Adoption of GASB 84 required a prior period adjustment to report the beginning net position of \$20,241 in the Fiduciary Funds in Exhibit E-2 for the Custodial Funds.

COMBINING STATEMENTS

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SAM RAYBURN 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	\$ 1,367,895	\$ 1,367,895	\$ 1,614,642	\$ 246,747
5800 State Program Revenues	5,499,248	5,137,748	5,072,626	(65,122)
5900 Federal Program Revenues	-	57,000	87,498	30,498
5020 Total Revenues	6,867,143	6,562,643	6,774,766	212,123
EXPENDITURES:				
Current:				
0011 Instruction	3,823,059	3,847,059	3,846,540	519
0012 Instructional Resources and Media Services	70,456	71,106	70,948	158
0013 Curriculum and Instructional Staff Development	6,500	6,500	5,773	727
0023 School Leadership	263,922	276,522	274,436	2,086
0031 Guidance, Counseling, and Evaluation Services	127,511	127,511	109,496	18,015
0033 Health Services	1,000	5,700	5,448	252
0034 Student (Pupil) Transportation	271,790	271,882	268,308	3,574
0036 Extracurricular Activities	176,201	205,109	174,307	30,802
0041 General Administration	378,149	396,149	396,043	106
0051 Facilities Maintenance and Operations	538,107	590,107	589,412	695
0052 Security and Monitoring Services	58,106	58,106	53,854	4,252
0061 Community Services	11,500	11,500	7,961	3,539
Debt Service:				
0073 Bond Issuance Cost and Fees	-	15,000	15,000	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	50,000	345,000	311,731	33,269
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	129,958	129,958	122,445	7,513
0099 Other Intergovernmental Charges	40,400	40,900	40,400	500
6030 Total Expenditures	5,946,659	6,398,109	6,292,102	106,007
1100 Excess of Revenues Over Expenditures	920,484	164,534	482,664	318,130
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	-	625,000	625,000	-
8911 Transfers Out (Use)	-	(43,891)	(31,004)	12,887
7080 Total Other Financing Sources (Uses)	-	581,109	593,996	12,887
1200 Net Change in Fund Balances	920,484	745,643	1,076,660	331,017
0100 Fund Balance - September 1 (Beginning)	5,113,803	5,113,803	5,113,803	-
3000 Fund Balance - August 31 (Ending)	\$ 6,034,287	\$ 5,859,446	\$ 6,190,463	\$ 331,017

SAM RAYBURN 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)	0.000022746%	0.000021101%	0.000022627%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,182,382	\$ 1,161,435	\$ 723,498
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,617,727	2,881,685	1,636,306
Total	<u>\$ 3,800,109</u>	<u>\$ 4,043,120</u>	<u>\$ 2,359,804</u>
District's Covered Payroll	\$ 3,222,849	\$ 3,083,116	\$ 2,970,463
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	36.69%	37.67%	24.44%
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.

<div> <div>FY 2017</div> <div>Plan Year 2016</div> </div> <div> <div>FY 2016</div> <div>Plan Year 2015</div> </div> <div> <div>FY 2015</div> <div>Plan Year 2014</div> </div>		
0.000022673%	0.000021435%	0.000013845%
\$ 856,781	\$ 757,699	\$ 369,819
1,939,870	1,846,234	1,510,972
\$ 2,796,651	\$ 2,603,933	\$ 1,880,791
\$ 2,862,653	\$ 2,675,889	\$ 2,598,989
29.92%	28.32%	14.23%
78.00%	78.43%	83.25%

SAM RAYBURN 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	\$ 98,544	\$ 79,612	\$ 71,083
Contribution in Relation to the Contractually Required Contribution	98,544	79,612	71,083
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,774,359	\$ 3,222,849	\$ 3,083,116
Contributions as a Percentage of Covered Payroll	2.61%	2.47%	2.31%

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	
\$ 91,166	\$ 88,287	\$ 80,064	
91,166	88,287	80,064	
\$ -	\$ -	\$ -	
\$ 2,970,463	\$ 2,862,653	\$ 2,675,889	
3.07%	3.08%	2.99%	

SAM RAYBURN 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	0.000035704%	0.00003471%	0.000032735%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,688,490	\$ 1,733,107	\$ 1,423,525
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,243,624	2,735,434	2,414,355
Total	<u>\$ 3,932,114</u>	<u>\$ 4,468,541</u>	<u>\$ 3,837,880</u>
District's Covered Payroll	\$ 3,222,849	\$ 3,083,116	\$ 2,970,463
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	52.39%	56.21%	46.17%
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.

SAM RAYBURN 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	\$ 29,233	\$ 25,340	\$ 23,945
Contribution in Relation to the Contractually Required Contribution	29,233	25,340	23,945
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,774,359	\$ 3,222,849	\$ 3,083,116
Contributions as a Percentage of Covered Payroll	0.77%	0.79%	0.78%

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.

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2020

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.

COMBINING STATEMENTS

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

Data Control Codes		211 ESSA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESSA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
ASSETS					
1110	Cash and Cash Equivalents	\$ (47,269)	\$ 4,308	\$ (5,511)	\$ (1,362)
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	59,200	6,509	5,511	1,362
1000	Total Assets	<u>\$ 11,931</u>	<u>\$ 10,817</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
2160	Accrued Wages Payable	\$ 10,756	\$ 10,595	\$ -	\$ -
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	1,175	222	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>11,931</u>	<u>10,817</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,931</u>	<u>\$ 10,817</u>	<u>\$ -</u>	<u>\$ -</u>

266 ESSER-School Emergency Relief Grant	270 ESSA VI, Pt B Rural & Low Income	288 ESSA Title IV Part A	289 FEMA Hazard Mitigation Grant	410 Instructional Materials Allotment	429 School Safety & Security Grant	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
\$ (77,398)	\$ -	\$ (9,693)	\$ (33,529)	\$ -	\$ -	\$ 21,671	\$ (148,783)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
77,398	-	9,693	33,529	-	-	-	193,202
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,671</u>	<u>\$ 44,419</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,351
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,397
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,748</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,671	21,671
-	-	-	-	-	-	21,671	21,671
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,671</u>	<u>\$ 44,419</u>

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

Data Control Codes		599	Total
		Debt	Nonmajor
		Service	Governmental
		Fund	Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ 164,134	\$ 15,351
1120	Investments - Current	66,352	66,352
1220	Property Taxes - Delinquent	13,511	13,511
1230	Allowance for Uncollectible Taxes	(394)	(394)
1240	Due from Other Governments	188	193,390
1000	Total Assets	<u>\$ 243,791</u>	<u>\$ 288,210</u>
LIABILITIES			
2160	Accrued Wages Payable	\$ -	\$ 21,351
2180	Due to Other Governments	10,152	10,152
2200	Accrued Expenditures	-	1,397
2300	Unearned Revenue	615	615
2000	Total Liabilities	<u>10,767</u>	<u>33,515</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	12,502	12,502
2600	Total Deferred Inflows of Resources	<u>12,502</u>	<u>12,502</u>
FUND BALANCES			
	Restricted Fund Balance:		
3480	Retirement of Long-Term Debt	220,522	220,522
3490	Other Restricted Fund Balance	-	21,671
3000	Total Fund Balances	<u>220,522</u>	<u>242,193</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 243,791</u>	<u>\$ 288,210</u>

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

Data Control Codes	211 ESSA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESSA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 61,146	\$ -	\$ -
5800 State Program Revenues	-	1,251	-	-
5900 Federal Program Revenues	87,474	141,466	6,311	1,561
5020 Total Revenues	87,474	203,863	6,311	1,561
EXPENDITURES:				
Current:				
0011 Instruction	87,474	-	6,311	1,561
0035 Food Services	-	235,138	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	87,474	235,138	6,311	1,561
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(31,275)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	31,004	-	-
1200 Net Change in Fund Balance	-	(271)	-	-
0100 Fund Balance - September 1 (Beginning)	-	271	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

266 ESSER-School Emergency Relief Grant	270 ESSA VI, Pt B Rural & Low Income	288 ESSA Title IV Part A	289 FEMA Hazard Mitigation Grant	410 Instructional Materials Allotment	429 School Safety & Security Grant	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	19,102	\$ 80,248
-	-	-	-	113,254	25,000	-	139,505
77,398	34,376	9,693	175,381	-	-	-	533,660
77,398	34,376	9,693	175,381	113,254	25,000	19,102	753,413
39,057	34,376	9,693	-	113,254	-	-	291,726
-	-	-	-	-	-	-	235,138
-	-	-	-	-	-	38,304	38,304
38,341	-	-	-	-	-	-	38,341
-	-	-	-	-	25,000	-	25,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	175,381	-	-	-	175,381
77,398	34,376	9,693	175,381	113,254	25,000	38,304	803,890
-	-	-	-	-	-	(19,202)	(50,477)
-	-	-	-	-	-	-	31,004
-	-	-	-	-	-	(19,202)	(19,473)
-	-	-	-	-	-	40,873	41,144
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	21,671	\$ 21,671

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

Data Control Codes	599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 207,373	\$ 287,621
5800 State Program Revenues	74,482	213,987
5900 Federal Program Revenues	-	533,660
5020 Total Revenues	281,855	1,035,268
EXPENDITURES:		
Current:		
0011 Instruction	-	291,726
0035 Food Services	-	235,138
0036 Extracurricular Activities	-	38,304
0051 Facilities Maintenance and Operations	-	38,341
0052 Security and Monitoring Services	-	25,000
Debt Service:		
0071 Principal on Long-Term Debt	100,000	100,000
0072 Interest on Long-Term Debt	149,200	149,200
0073 Bond Issuance Cost and Fees	500	500
Capital Outlay:		
0081 Facilities Acquisition and Construction	-	175,381
6030 Total Expenditures	249,700	1,053,590
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	32,155	(18,322)
OTHER FINANCING SOURCES (USES):		
7915 Transfers In	-	31,004
1200 Net Change in Fund Balance	32,155	12,682
0100 Fund Balance - September 1 (Beginning)	188,367	229,511
3000 Fund Balance - August 31 (Ending)	\$ 220,522	\$ 242,193

REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

SAM RAYBURN 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	\$ 1.170000	\$ 0.042000	\$ 78,744,677
2012	1.170000	0.033900	81,173,870
2013	1.170000	0.038400	82,603,147
2014	1.170000	0.033600	92,057,452
2015	1.170000	0.035000	95,560,937
2016	1.170000	0.160000	93,225,946
2017	1.170000	0.160000	102,313,154
2018	1.170000	0.160000	107,848,702
2019	1.170000	0.160000	116,194,069
2020 (School year under audit)	1.068350	0.160000	126,207,037
1000 TOTALS			

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 31,987	\$ -	\$ 1,837	\$ 66	\$ (9,523)	\$ 20,561
6,479	-	575	17	(2,458)	3,429
7,654	-	1,158	38	(1,614)	4,844
7,114	-	476	14	(1,608)	5,016
7,533	-	219	6	(1,767)	5,541
8,445	-	1,108	151	(771)	6,415
15,828	-	4,604	629	(573)	10,022
19,298	-	3,635	497	(3,497)	11,669
55,805	-	19,990	2,734	(8,317)	24,764
-	1,550,264	1,309,026	196,045	-	45,193
<u>\$ 160,143</u>	<u>\$ 1,550,264</u>	<u>\$ 1,342,628</u>	<u>\$ 200,197</u>	<u>\$ (30,128)</u>	<u>\$ 137,454</u>

SAM RAYBURN 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	\$ 70,500	\$ 82,150	\$ 61,146	\$ (21,004)
5800 State Program Revenues	1,300	1,300	1,251	(49)
5900 Federal Program Revenues	180,391	144,739	141,466	(3,273)
5020 Total Revenues	252,191	228,189	203,863	(24,326)
EXPENDITURES:				
Current:				
0035 Food Services	252,191	268,430	235,138	33,292
6030 Total Expenditures	252,191	268,430	235,138	33,292
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(40,241)	(31,275)	8,966
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	43,891	31,004	(12,887)
1200 Net Change in Fund Balances	-	3,650	(271)	(3,921)
0100 Fund Balance - September 1 (Beginning)	271	271	271	-
3000 Fund Balance - August 31 (Ending)	\$ 271	\$ 3,921	\$ -	\$ (3,921)

SAM RAYBURN 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	\$ 197,821	\$ 197,821	\$ 207,373	\$ 9,552
5800 State Program Revenues	-	84,634	74,482	(10,152)
5020 Total Revenues	197,821	282,455	281,855	(600)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	100,000	100,000	100,000	-
0072 Interest on Long-Term Debt	149,700	149,200	149,200	-
0073 Bond Issuance Cost and Fees	500	500	500	-
6030 Total Expenditures	250,200	249,700	249,700	-
1200 Net Change in Fund Balances	(52,379)	32,755	32,155	(600)
0100 Fund Balance - September 1 (Beginning)	188,367	188,367	188,367	-
3000 Fund Balance - August 31 (Ending)	\$ 135,988	\$ 221,122	\$ 220,522	\$ (600)

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COMPLIANCE & INTERNAL CONTROL SECTION

Morgan, Davis, & Company, P.C.
Post Office Box 8158
Greenville, Texas 75404

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Sam Rayburn Independent School District
9363 E. FM 273
Ivanhoe, Texas 75447

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 Sam Rayburn 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, and have issued our report thereon dated December 31, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sam Rayburn Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as *Item 2020-001*.

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.

/s/ *Morgan, Davis & Company, P.C.*

Morgan, Davis, & Company, P.C.
Greenville, Texas

December 31, 2020

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020

Summary of Auditor's Results:

The type of report we issued on whether the financial statements of Sam Rayburn Independent School District were prepared in accordance with GAAP as an unmodified opinion.

With respect to internal control over financial reporting, we identified no material weaknesses and we reported no significant deficiencies.

We noted no noncompliance material to the financial statements,

Financial Statements Findings:

The following findings related to financial statements of Sam Rayburn Independent School District are required to be reported in accordance with *Generally Accepted Auditing Standards*:

Item 2020-001 Insufficient Deposit Collateral

Criteria: District deposits at the depository bank should be adequately collateralized at all times.

Condition Found: In November 2019, the District had \$1,119,714 on deposit at the depository bank. Securities pledged by the bank were \$534,784, and FDIC insurance coverage was \$379,334 leaving an insufficient coverage amounting to \$205,596.

Questioned Cost: None

Effect: The District should take steps to properly monitor deposits at the depository bank on an ongoing basis to adequately protect those deposits at all times.

Status: The District was in compliance as of August 31, 2020.

District Response: The District is now obtaining monthly securities pledged reports from the depository bank and is monitoring the status each month.

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020

(Prepared by the District's Administration)

Item 2019-001 Insufficient Deposit Collateral

The District was in compliance as of August 31, 2020, but did have the same finding during the current fiscal year.

SAM RAYBURN INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2020

(Prepared by the District's Administration)

Item 2020-001 Insufficient Deposit Collateral

Contact Person: Tracie Ivey, Chief Financial Officer

Corrective Action: The District was in compliance as of August 31, 2020. We have taken steps to monitor depository bank balances on an ongoing basis and are obtaining monthly pledge reports from the depository bank.

SCHOOLS FIRST QUESTIONNAIRE

Sam Rayburn Independent School District

Fiscal Year 2020

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.	0