

COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Balance Sheet-Governmental Funds	2
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	3
Notes to the Financial Statements	4

Independent Auditor's Report

Board of Trustees
Covington Independent School District
501 N. Main Street
Covington, Texas 76636

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental fund activities for Covington Independent School District (the "District") related to the Hill County Special Education Cooperative (the "Co-op") as of and for the year ended August 31, 2021, and the related notes to the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

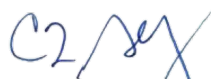
Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental fund activities of Covington Independent School District related to the Hill County Special Education Cooperative as of August 31, 2021, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

As discussed in Note I, the financial statements present only the special revenue funds related to the Hill County Special Education Cooperative and are not intended to present fairly the financial position and results of operations of Covington Independent School District, in conformity with accounting principles generally accepted in the United States of America.



Cameron L. Gulley
Certified Public Accountant
Eastland, Texas

January 11, 2022

COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	313 IDEA Part B Formula	314 IDEA Part B Preschool	437 Special Education	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 634,933	\$ 634,933
1240 Receivables from Other Governments	143,189	-	-	143,189
1260 Due from Other Funds	-	-	143,189	143,189
1000 Total Assets	<u>143,189</u>	<u>-</u>	<u>778,122</u>	<u>921,311</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 9,644	\$ 9,644
2170 Due to Other Funds	143,189	-	7,198	150,387
2300 Unearned Revenue	-	-	10,000	10,000
2000 Total Liabilities	<u>143,189</u>	<u>-</u>	<u>26,842</u>	<u>170,031</u>
Fund Balances:				
3490 Other Restricted Fund Balance	-	-	751,280	751,280
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>751,280</u>	<u>751,280</u>
4000 Total Liabilities and Fund Balance	<u>\$ 143,189</u>	<u>\$ -</u>	<u>\$ 778,122</u>	<u>\$ 921,311</u>

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

COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	313 IDEA Part B Formula	314 IDEA Part B Preschool	437 Special Education	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 2,511,511	\$ 2,511,511
5800 State Program Revenues	-	-	98,901	98,901
5900 Federal Program Revenues	916,931	25,250	-	942,181
5020 Total Revenues	<u>916,931</u>	<u>25,250</u>	<u>2,610,412</u>	<u>3,552,593</u>
EXPENDITURES:				
Current:				
0011 Instruction	259,972	250	1,483,947	1,744,169
0013 Curriculum and Instructional Staff Development	12,468	-	2,241	14,709
0031 Guidance, Counseling and Evaluation Services	644,491	-	32,815	677,306
0041 General Administration	-	-	450,251	450,251
0051 Facilities Maintenance and Operations	-	-	250,292	250,292
0093 Payments to Fiscal Agent/Member Districts of SSA	-	25,000	315,857	340,857
6030 Total Expenditures	<u>916,931</u>	<u>25,250</u>	<u>2,535,403</u>	<u>3,477,584</u>
1200 Net Change in Fund Balance	-	-	75,009	75,009
0100 Fund Balance - September 1 (Beginning)	-	-	676,271	676,271
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,280</u>	<u>\$ 751,280</u>

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

COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Covington 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 promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in Statement of Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of the Texas Education Agency (TEA) Financial Accountability System Resource Guide (the “Resource Guide” of FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

These financial statements contain only the assets, liabilities, fund equity and related revenues of expenditures of Covington Independent School District’s special revenue funds related to the Hill County Special Education Cooperative. This is not intended to present fairly the financial position and results of operations of Covington Independent School District as of and for the year ended August 31, 2021.

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

The financial statements of Hill County Special Education Cooperative are reported using the current financial resources measurement of focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Coop considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.