

**COVINGTON INDEPENDENT SCHOOL DISTRICT  
HILL COUNTY SPECIAL EDUCATION COOPERATIVE**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2020*

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**COVINGTON INDEPENDENT SCHOOL DISTRICT  
HILL COUNTY SPECIAL EDUCATION COOPERATIVE**  
*ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2020*

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## 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, 2020, 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. 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, 2020, 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

December 15, 2020

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COVINGTON INDEPENDENT SCHOOL DISTRICT  
HILL COUNTY SPECIAL EDUCATION COOPERATIVE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2020

Data Control Codes	313 IDEA Part B Formula	314 IDEA Part B Preschool	437 Special Education	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 456,917	\$ 456,917
1240 Receivables from Other Governments	215,222	36,452	-	251,674
1260 Due from Other Funds	-	-	251,674	251,674
1000 Total Assets	<u>215,222</u>	<u>36,452</u>	<u>708,591</u>	<u>960,265</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 15,122	\$ 15,122
2170 Due to Other Funds	215,222	36,452	7,198	258,872
2300 Unearned Revenue	-	-	10,000	10,000
2000 Total Liabilities	<u>215,222</u>	<u>36,452</u>	<u>32,320</u>	<u>283,994</u>
Fund Balances:				
3490 Other Restricted Fund Balance	-	-	676,271	676,271
3000 Total Fund Balances	-	-	676,271	676,271
4000 Total Liabilities and Fund Balance	<u>\$ 215,222</u>	<u>\$ 36,452</u>	<u>\$ 708,591</u>	<u>\$ 960,265</u>

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

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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, 2020

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	\$ -	\$ -	\$ 2,216,784	\$ 2,216,784
5800	State Program Revenues	-	-	81,165	81,165
5900	Federal Program Revenues	982,179	36,452	-	1,018,631
5020	Total Revenues	982,179	36,452	2,297,949	3,316,580
EXPENDITURES:					
Current:					
0011	Instruction	436,717	16,632	1,180,500	1,633,849
0013	Curriculum and Instructional Staff Development	15,232	-	16,490	31,722
0021	Instructional Leadership	-	-	165	165
0031	Guidance, Counseling and Evaluation Services	530,230	-	140,193	670,423
0041	General Administration	-	-	444,834	444,834
0051	Facilities Maintenance and Operations	-	-	115,025	115,025
0093	Payments to Fiscal Agent/Member Districts of SSA	-	19,820	266,075	285,895
6030	Total Expenditures	982,179	36,452	2,163,282	3,181,913
1200	Net Change in Fund Balance	-	-	134,667	134,667
0100	Fund Balance - September 1 (Beginning)	-	-	541,604	541,604
1300	Increase (Decrease) in Fund Balance	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 676,271	\$ 676,271

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

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**COVINGTON INDEPENDENT SCHOOL DISTRICT**  
**HILL COUNTY SPECIAL EDUCATION COOPERATIVE**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*AT AND FOR THE YEAR ENDED AUGUST 31, 2020*

**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, 2020.

**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.

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