ANNUAL FINANCIAL REPORT

of the

NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

For the Year Ended
June 30, 2020

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NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

New Braunfels Independent School District	Comal	046-901
Name of School District	County	Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ✓ approved _____ disapproved for the year ended June 30, 2020, at a meeting of the Board of Trustees of such school district on the 11th day of January, 2021.

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)

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
BELT HARRIS PECHACEK
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
New Braunfels Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Braunfels Independent School District (the "District"), as of and for the year ended June 30, 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.

Auditors' 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 auditors' 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 District'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 District'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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of the District's proportionate share of the net pension and other postemployment benefits liability, and schedules of District contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of required responses to selected school first indicators are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the schedule of required responses to selected school first indicators have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 4, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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NEW BRAUNFELS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of New Braunfels Independent School District (the "District") for the year ending June 30, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at June 30, 2020 was $26,346,650.

- For the year, the District's general fund reported a total fund balance of $55,935,428, of which $1,457,574 is nonspendable for inventories and prepaid items; $1,770,466 is committed for land acquisition, construction, and technology and equipment; and $52,707,388 is unassigned.

- At the end of the year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported a combined ending fund balance of $108,318,886.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.

- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

- The *proprietary fund* statements provide additional detail for the business-type activities information shown in the District's *government-wide financial statements* and information related to the District's internal service funds.

- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the fiduciary resources belong. This fund includes student activity funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following classes of activities:

> *Governmental Activities* – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities.* Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.
>
> *Business-Type Activities* – Services involving a fee for those services are reported here. These services include athletic camps.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detail information about the District's most significant funds – not the District as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees (the "Board") establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

The District has the following kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary Funds* – The District operates various summer athletic camps primarily for students enrolled in the District. These programs are financed through the collection of fees and tuition from participating students. The proprietary funds also show the activity of internal services offered throughout the District including health insurance, workers' compensation insurance, and usage of the District's central office copiers. These funds are shown in a separate statement of proprietary net position and statement of changes in proprietary net position.

- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was $26,346,650 at year end. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the year. The District reported an increase of $10,685,419 in net position from the prior year. This increase is primarily related to an increase in grants and contributions related to on-behalf amounts from the State relating to employee benefit plans as well as increases in property taxes received by the District mostly related to increases in valuations during the year.

Table 1
Net Position

	Governmental Activities		Total Change	Business-Type Activities		Total Change
Description	**2020**	**2019**	**2019-2020**	**2020**	**2019**	**2019-2020**
Current assets	$ 127,977,286	$ 111,753,812	$ 16,223,474	$ 48,882	$ 68,499	$ (19,617)
Capital assets	215,723,958	187,160,992	28,562,966	-	-	-
Total Assets	343,701,244	298,914,804	44,786,440	48,882	68,499	(19,617)
Deferred charge on refunding	2,233,937	1,579,314	654,623	-	-	-
Deferred outflows - pensions	11,307,714	12,847,016	(1,539,302)	-	-	-
Deferred outflows - OPEB	5,532,036	4,303,832	1,228,204	-	-	-
Total Deferred Outflows of Resources	19,073,687	18,730,162	343,525	-	-	-
Current liabilities	15,752,506	11,314,116	4,438,390	48,882	68,499	(19,617)
Long-term liabilities	301,523,461	276,861,122	24,662,339	-	-	-
Total Liabilities	317,275,967	288,175,238	29,100,729	48,882	68,499	(19,617)
Deferred gain on refunding	2,997,559	3,125,651	(128,092)			
Deferred inflows - pensions	3,843,013	1,332,968	2,510,045	-	-	-
Deferred inflows - OPEB	12,311,742	9,349,878	2,961,864	-	-	-
Total Deferred Inflows of Resources	19,152,314	13,808,497	5,343,817	-	-	-
Net Position:						
Net investment in capital assets	12,996,684	11,814,685	1,181,999	-	-	-
Restricted	9,310,326	6,870,613	2,439,713	-	-	-
Unrestricted	4,039,640	(3,024,067)	7,063,707	-	-	-
Total Net Position	$ 26,346,650	$ 15,661,231	$ 10,685,419	$ -	$ -	$ -

Table 2
Changes in Net Position

	Governmental Activities		Total Change	Business-Type Activities		Total Change
	2020	2019	2019-2020	2020	2019	2019-2020
Revenues						
Program revenues:						
Charges for services	$ 1,526,728	$ 1,765,285	$ (238,557)	$ 80,947	$ 99,760	$ (18,813)
Operating grants and contributions	9,404,002	8,698,660	705,342	-	-	-
General revenues:						
Property taxes	73,835,578	69,404,236	4,431,342	-	-	-
Grants and contributions not restricted for specific programs	24,682,697	20,048,246	4,634,451	-	-	-
Investment earnings	1,118,667	1,501,918	(383,251)	-	-	-
Other revenue	4,865,312	2,175,637	2,689,675	-	-	-
Total Revenue	115,432,984	103,593,982	11,839,002	80,947	99,760	(18,813)
Expenses						
Instruction	53,345,596	50,376,386	2,969,210	-	-	-
Instructional resources and media services	1,474,041	1,358,688	115,353	-	-	-
Curriculum/instructional staff development	1,670,563	1,412,857	257,706	-	-	-
Instructional leadership	1,282,367	1,115,199	167,168	-	-	-
School leadership	6,023,032	5,677,892	345,140	-	-	-
Guidance, counseling, and evaluation services	3,382,722	3,168,238	214,484	-	-	-
Social work services	415,369	391,234	24,135	-	-	-
Health services	1,088,374	866,428	221,946	-	-	-
Student (pupil) transportation	3,032,225	3,112,563	(80,338)	-	-	-
Food services	3,796,713	4,001,729	(205,016)	-	-	-
Extracurricular activities	3,238,757	3,333,419	(94,662)	80,947	99,760	(18,813)
General administration	2,967,770	2,736,958	230,812	-	-	-
Plant maintenance and operations	8,357,610	7,868,949	488,661	-	-	-
Security and monitoring services	551,310	656,251	(104,941)	-	-	-
Data processing services	1,835,486	1,644,063	191,423	-	-	-
Community services	590,230	506,455	83,775	-	-	-
Debt service - interest on long-term debt	10,879,071	6,595,014	4,284,057	-	-	-
Payments to fiscal agent/member districts of SSA	52,456	202,214	(149,758)	-	-	-
Other intergovernmental charges	763,873	703,741	60,132	-	-	-
Total Expenses	104,747,565	95,728,278	9,019,287	80,947	99,760	(18,813)
Change in Net Position	10,685,419	7,865,704	2,819,715	-	-	-
Beginning net position	15,661,231	7,795,527	7,865,704	-	-	-
Ending Net Position	$ 26,346,650	$ 15,661,231	$ 10,685,419	$ -	$ -	$ -

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending June 30, 2020, the District's governmental funds reported a combined fund balance of $108,318,886. This compares to a combined fund balance of $97,666,700 at June 30, 2019. The fund balance in the general fund increased by $10,834,144 primarily due to increases in property tax revenues related to an increase in valuations as well as large decreases in expenses related to capital outlay activities. The debt service fund experienced an increase in the current year primarily due to increases in property tax collections along with the issuance of new debt. The capital projects fund decreased primarily due to current year capital outlay costs of $32,420,687 slightly exceeding debt proceeds by $1,422,766.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended June 30, 2020, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's actual revenues exceeded budgeted revenues by $5,016,428 due to larger property tax collections than anticipated. Budgeted expenditures exceeded actual expenditures by $5,801,445 primarily due to less instruction and plant maintenance and operations expenditures than appropriated.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or value (if donated) of an amount determined by the Board. During the year, the District used a capitalization threshold of $5,000, which means that all capital type assets, including library books, with a cost or initial value of less than $5,000 were not included in the capital assets inventory.

At year end, the District had a total of $215,723,958 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes $34,743,014 invested during the fiscal year ended June 30, 2020.

More detailed information about the District's capital assets can be found in note III.B. to the financial statements.

LONG-TERM DEBT

At year end, the District had $219,722,225 in general obligation bonds outstanding versus $201,739,238 last year. The District issued new General Obligation Bonds, Series 2020 in the amount of $47,542,232. The purpose of this debt was related to ongoing school construction and renovation projects, as well as to refund the Series 2012 bonds in full.

More detailed information about the District's long-term liabilities is presented in note III.C. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Local economic growth continues in the area, as the US Census Bureau latest population estimates has listed Comal County as one of the fastest growing counties in the nation. This growth is driving an increase in local property values and student enrollment.

The unemployment rate in the New Braunfels area continues to be lower than the overall state unemployment rate at 12.4% in the New Braunfels area versus 13% statewide as of May 2020.

The 2018 bond issue approved $118.3 million and is being used primarily to build a new middle school and a new elementary campus. The new middle school is on schedule to open in 2021-2022. Also included in the bond issue are security upgrades for all campuses, expansion of Veramendi Elementary (completed), baseball field upgrades and tennis courts at both middle schools.

The District adopted a general fund budget for 2020-2021 of $81.6 million. For the 2020-2021 school year, New Braunfels ISD adopted a tax rate for Maintenance & Operations of $.8975 per hundred-dollar valuation. Continued property growth along with restructuring of bond debt has allowed the Interest & Sinking rate to remain at $.3258 per hundred-dollar valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 1000 N. Walnut, New Braunfels, Texas, 78130 or by calling (830) 643-5700.

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BASIC FINANCIAL STATEMENTS

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New Braunfels Independent School District

STATEMENT OF NET POSITION - EXHIBIT A-1

June 30, 2020

Data Control Codes		1 Governmental Activities	2 Business-Type Activities	3 Total
	Assets			
1110	Cash and cash equivalents	$ 2,705,819	$ -	$ 2,705,819
1120	Investments	117,800,869	-	117,800,869
1225	Property taxes receivable (net)	2,745,020	-	2,745,020
1230	Allowance for uncollectible taxes	(106,988)	-	(106,988)
1240	Due from other governments	3,333,852	-	3,333,852
1260	Internal balances	(48,882)	48,882	-
1267	Due from fiduciary funds	7,653	-	7,653
1290	Other receivables (net)	44,512	-	44,512
1300	Inventories	75,520	-	75,520
1410	Prepaid items	1,419,911	-	1,419,911
		127,977,286	48,882	128,026,168
	Capital assets:			
1510	Land	16,691,472	-	16,691,472
1520	Buildings and improvements, net	156,374,177	-	156,374,177
1530	Equipment and vehicles, net	2,529,123	-	2,529,123
1580	Construction in progress	40,129,186	-	40,129,186
		215,723,958	-	215,723,958
1000	**Total Assets**	343,701,244	48,882	343,750,126
	Deferred Outflows of Resources			
1700	Deferred charge on refunding	2,233,937	-	2,233,937
1705	Deferred outflows - pensions	11,307,714	-	11,307,714
1710	Deferred outflows - OPEB	5,532,036	-	5,532,036
	Total Deferred Outflows of Resources	19,073,687	-	19,073,687
	Liabilities			
2110	Accounts payable	4,182,542	-	4,182,542
2140	Interest payable	2,644,056	-	2,644,056
2165	Accrued liabilities	8,014,320	-	8,014,320
2180	Due to other governments	125	-	125
2300	Unearned revenue	911,463	48,882	960,345
		15,752,506	48,882	15,801,388
	Noncurrent liabilities:			
2501	Long-term liabilities due within one year	11,375,507	-	11,375,507
2502	Long-term liabilities due in more than one year	238,104,202	-	238,104,202
2540	Net pension liability	23,584,853	-	23,584,853
2550	Net OPEB liability	28,458,899	-	28,458,899
2000	**Total Liabilities**	317,275,967	48,882	317,324,849
	Deferred Inflows of Resources			
2600	Deferred gain on refunding	2,997,559	-	2,997,559
2605	Deferred inflows - pensions	3,843,013	-	3,843,013
2610	Deferred inflows - OPEB	12,311,742	-	12,311,742
	Total Deferred Inflows of Resources	19,152,314	-	19,152,314
	Net Position			
3200	Net investment in capital assets	12,996,684	-	12,996,684
	Restricted for:			
3820	Federal and state programs	4,216	-	4,216
3850	Debt service	8,787,123	-	8,787,123
3870	Campus activities	523,203	-	523,203
3900	Unrestricted	4,035,424	-	4,035,424
3000	**Total Net Position**	$ 26,346,650	$ -	$ 26,346,650

See Notes to Financial Statements.

New Braunfels Independent School District

STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended June 30, 2020

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions
	Primary Government			
	Governmental Activities			
11	Instruction	$ 53,345,596	$ 145,844	$ 5,046,304
12	Instructional resources and media services	1,474,041	-	45,278
13	Curriculum/instructional staff development	1,670,563	-	421,880
21	Instructional leadership	1,282,367	-	240,729
23	School leadership	6,023,032	-	249,785
31	Guidance, counseling, and evaluation services	3,382,722	-	590,956
32	Social work services	415,369	-	76,966
33	Health services	1,088,374	-	37,055
34	Student (pupil) transportation	3,032,225	-	71,622
35	Food services	3,796,713	1,038,102	2,068,228
36	Extracurricular activities	3,238,757	342,782	67,534
41	General administration	2,967,770	-	103,824
51	Plant maintenance and operations	8,357,610	-	119,554
52	Security and monitoring services	551,310	-	4,524
53	Data processing services	1,835,486	-	47,205
61	Community services	590,230	-	212,558
72	Debt service - interest on long-term debt	10,879,071	-	-
93	Payments to fiscal agent/member districts of SSA	52,456	-	-
99	Other intergovernmental charges	763,873	-	-
TG	**Total Governmental Activities**	104,747,565	1,526,728	9,404,002
	Business-Type Activities			
01	Athletic camps	80,947	80,947	-
TB	**Total Business-Type Activities**	80,947	80,947	-
TP	**Total Primary Government**	$ 104,828,512	$ 1,607,675	$ 9,404,002
	General Revenues			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted for specific programs			
IE	Investment earnings			
MI	Miscellaneous local and intermediate revenue			
TR	**Total General Revenues**			
CN	**Change in Net Position**			
NB	Beginning net position			
NE	**Ending Net Position**			

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (48,153,448)	$ -	$ (48,153,448)
(1,428,763)	-	(1,428,763)
(1,248,683)	-	(1,248,683)
(1,041,638)	-	(1,041,638)
(5,773,247)	-	(5,773,247)
(2,791,766)	-	(2,791,766)
(338,403)	-	(338,403)
(1,051,319)	-	(1,051,319)
(2,960,603)	-	(2,960,603)
(690,383)	-	(690,383)
(2,828,441)	-	(2,828,441)
(2,863,946)	-	(2,863,946)
(8,238,056)	-	(8,238,056)
(546,786)	-	(546,786)
(1,788,281)	-	(1,788,281)
(377,672)	-	(377,672)
(10,879,071)	-	(10,879,071)
(52,456)	-	(52,456)
(763,873)	-	(763,873)
(93,816,835)	-	(93,816,835)
-	-	-
-	-	-
(93,816,835)	-	(93,816,835)
55,404,255	-	55,404,255
18,431,323	-	18,431,323
24,682,697	-	24,682,697
1,118,667	-	1,118,667
4,865,312	-	4,865,312
104,502,254	-	104,502,254
10,685,419	-	10,685,419
15,661,231	-	15,661,231
$ 26,346,650	$ -	$ 26,346,650

New Braunfels Independent School District

BALANCE SHEET

GOVERNMENTAL FUNDS - EXHIBIT C-1

June 30, 2020

Data Control Codes		10 General	50 Debt Service	60 Capital Projects	Nonmajor Governmental Funds
	Assets:				
1110	Cash and cash equivalents	$ 1,330,907	$ -	$ -	$ 895,580
1120	Investments	57,060,450	8,553,388	48,546,617	-
1220	Taxes receivable	2,066,380	678,640	-	-
1230	Allowance for uncollectible taxes	(81,939)	(25,049)	-	-
1240	Due from other governments	2,888,022	-	-	445,830
1260	Due from other funds	1,580,583	17,155	-	432,856
1267	Due from fiduciary funds	7,653	-	-	-
1290	Other receivables	12,151	-	-	32,361
1300	Inventories	37,663	-	-	37,857
1410	Prepaid items	1,419,911	-	-	-
1000	**Total Assets**	$ 66,321,781	$ 9,224,134	$ 48,546,617	$ 1,844,484
	Liabilities:				
2110	Accounts payable	$ 203,181	$ -	$ 3,795,913	$ 120,143
2150	Payroll deductions payable	528,621	-	-	-
2160	Accrued wages payable	6,678,013	-	-	-
2170	Due to other funds	472,029	-	769,436	695,987
2180	Due to other governments	125	-	-	-
2200	Accrued expenditures	425,148	382,538	-	-
2300	Unearned revenue	94,794	-	-	814,169
2000	**Total Liabilities**	8,401,911	382,538	4,565,349	1,630,299
	Deferred Inflows of Resources:				
2600	Unavailable revenue - property taxes	1,984,442	653,591	-	-
	Fund Balances:				
	Nonspendable:				
3410	Inventories	37,663	-	-	37,857
3430	Prepaid items	1,419,911	-	-	-
	Restricted:				
3470	Capital acquisitions and contracts	-	-	43,981,268	-
3480	Debt service	-	8,188,005	-	-
3450	Federal/state funds grant restrictions	-	-	-	4,216
3490	Other restrictions of fund balance	-	-	-	523,203
	Committed:				
3510	Construction	1,761,374	-	-	-
3530	Capital expenditures for equipment	9,092	-	-	-
3600	Unassigned	52,707,388	-	-	(351,091)
3000	**Total Fund Balances**	55,935,428	8,188,005	43,981,268	214,185
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	$ 66,321,781	$ 9,224,134	$ 48,546,617	$ 1,844,484

See Notes to Financial Statements.

98 Total Governmental Funds
$ 2,226,487
114,160,455
2,745,020
(106,988)
3,333,852
2,030,594
7,653
44,512
75,520
1,419,911
$ 125,937,016
$ 4,119,237
528,621
6,678,013
1,937,452
125
807,686
908,963
14,980,097
2,638,033
75,520
1,419,911
43,981,268
8,188,005
4,216
523,203
1,761,374
9,092
52,356,297
108,318,886
$ 125,937,016

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New Braunfels Independent School District

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R

June 30, 2020

Total fund balances for governmental funds		$ 108,318,886
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - nondepreciable	56,820,658	
Capital assets - depreciable	158,903,300	
		215,723,958
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		2,638,033
The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		3,911,917
Some liabilities and deferred outflows/inflows, including bonds payable, are not reported as liabilities in the governmental funds.		
Accrued interest	(2,644,056)	
Deferred loss on refunding	2,233,937	
Deferred gain on refunding	(2,997,559)	
Deferred outflows - pensions	11,307,714	
Deferred inflows - pensions	(3,843,013)	
Deferred outflows - OPEB	5,532,036	
Deferred inflows - OPEB	(12,311,742)	
Noncurrent liabilities due in one year	(11,375,507)	
Noncurrent liabilities due in more than one year	(238,104,202)	
Net pension liability	(23,584,853)	
Net OPEB liability	(28,458,899)	
		(304,246,144)
Net Position of Governmental Activities		$ 26,346,650

See Notes to Financial Statements.

New Braunfels
Independent School District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS - EXHIBIT C-2

For the Year Ended June 30, 2020

Data Control Codes		10 General	50 Debt Service	60 Capital Projects	Nonmajor Governmental Funds
	Revenues				
5700	Local, intermediate, and out-of-state	$ 57,273,836	$ 18,599,811	$ 832,817	$ 2,072,495
5800	State program revenues	22,427,914	313,560	-	664,184
5900	Federal program revenues	1,107,290	-	-	5,381,470
5020	**Total Revenues**	80,809,040	18,913,371	832,817	8,118,149
	Expenditures				
0011	Instruction	40,749,965	-	1,181,676	3,076,690
0012	Instructional resources/media services	1,223,373	-	-	81,814
0013	Curriculum and staff development	1,112,201	-	-	332,352
0021	Instructional leadership	873,523	-	-	162,311
0023	School leadership	5,380,935	-	-	63,091
0031	Guidance, counseling, and				
0031	evaluation services	2,561,736	-	-	421,210
0032	Social work services	332,418	-	-	71,862
0033	Health services	1,007,871	-	-	-
0034	Student (pupil) transportation	2,209,280	-	458,220	-
0035	Food service	-	-	-	3,139,941
0036	Extracurricular activities	1,819,208	-	-	807,584
0041	General administration	2,490,101	-	-	1,637
0051	Plant maintenance and operations	7,819,175	-	-	-
0052	Security and monitoring services	502,449	-	-	-
0053	Data processing services	1,711,754	-	-	275
0061	Community services	336,840	-	-	178,865
	Debt service:				
0071	Principal	-	10,092,000	313,048	-
0072	Interest	-	7,736,945	-	-
0073	Bond issuance costs and fees	-	211,749	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	2,970,795	-	32,420,687	-
	Intergovernmental:				
0093	Shared services arrangements	52,456	-	-	-
0099	Other intergovernmental charges	763,873	-	-	-
6030	**Total Expenditures**	73,917,953	18,040,694	34,373,631	8,337,632
1100	**Excess (Deficiency) of Revenues Over (Under) Expenditures**	6,891,087	872,677	(33,540,814)	(219,483)
	Other Financing Sources (Uses)				
7911	Issuance of bonds	-	19,467,233	28,075,000	-
7912	Sale of real or personal property	3,415,057	-	-	-
7915	Transfers in	528,000	383,039	-	-
7916	Premium on issuance of bonds	-	4,892,155	4,426,087	-
8911	Transfers (out)	-	-	(383,039)	-
8949	Payment to bond escrow agent	-	(24,154,813)	-	-
7080	**Total Other Financing Sources**	3,943,057	587,614	32,118,048	-
1200	**Net Change in Fund Balances**	10,834,144	1,460,291	(1,422,766)	(219,483)
0100	Beginning fund balances	45,101,284	6,727,714	45,404,034	433,668
3000	**Ending Fund Balances**	$ 55,935,428	$ 8,188,005	$ 43,981,268	$ 214,185

See Notes to Financial Statements.

98 Total Governmental Funds
$ 78,778,959
23,405,658
6,488,760
108,673,377
45,008,331
1,305,187
1,444,553
1,035,834
5,444,026
2,982,946
404,280
1,007,871
2,667,500
3,139,941
2,626,792
2,491,738
7,819,175
502,449
1,712,029
515,705
10,405,048
7,736,945
211,749
35,391,482
52,456
763,873
134,669,910
(25,996,533)
47,542,233
3,415,057
911,039
9,318,242
(383,039)
(24,154,813)
36,648,719
10,652,186
97,666,700
$ 108,318,886

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New Braunfels
Independent School District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - EXHIBIT C-3

For the Year Ended June 30, 2020

Net changes in fund balances - total governmental funds	$	10,652,186
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation, net		(5,891,950)
Capital outlay (net of disposed assets)		34,454,916
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		431,878
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.		
New bond issuance		(47,542,233)
Principal repayments		5,404,433
Accrued interest		599,118
Payment to refunding bond escrow agent		24,154,813
Amortization of loss on bond refunding		654,623
Gain on bond refunding		128,092
Amortization of premiums, net		(8,430,060)
Accreted interest		(199,777)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		104,198
Change in net pension liability		737,933
Deferred inflows - pensions		(2,510,045)
Deferred outflows - pensions		(1,539,302)
Change in net OPEB liability		1,108,354
Deferred inflows - OPEB		(2,961,864)
Deferred outflows - OPEB		1,228,204
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		101,902
Change in Net Position of Governmental Activities	$	10,685,419

See Notes to Financial Statements.

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New Braunfels Independent School District

STATEMENT OF NET POSITION

PROPRIETARY FUNDS - EXHIBIT D-1

June 30, 2020

	Business-Type Activities - Enterprise Fund	Governmental Activities
	702 Athletic Camps	Internal Service Funds
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ 479,332
Investments	-	3,640,414
Due from other funds	48,882	-
Total Assets	48,882	4,119,746
Liabilities		
Current liabilities:		
Accounts payable	-	63,305
Due to other funds	-	142,024
Unearned revenue	48,882	2,500
Total Liabilities	48,882	207,829
Net Position		
Unrestricted	-	3,911,917
Total Net Position	$ -	$ 3,911,917

See Notes to Financial Statements.

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New Braunfels Independent School District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS - EXHIBIT D-2

For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Fund	Governmental Activities
	702 Athletic Camps	Internal Service Funds
Operating Revenues		
Charges for services	$ 80,947	$ 6,695,766
Total Operating Revenues	80,947	6,695,766
Operating Expenses		
Payroll costs	46,765	-
Contractual services	-	479,604
Insurance and bonding costs	-	5,640,797
Other supplies and expenses	31,728	643
Other operating costs	2,454	-
Total Operating Expenses	80,947	6,121,044
Operating Income	-	574,722
Nonoperating Revenues (Expenses)		
Interest and investment revenue	-	55,180
Miscellaneous revenue	-	-
Interest expense	-	-
Miscellaneous revenue	-	-
Total Nonoperating Revenues	-	55,180
Income (Loss) Before Contributions and Transfers	-	629,902
Transfers out	-	(528,000)
Change in Net Position	-	101,902
Beginning net position	-	3,810,015
Ending Net Position	$ -	$ 3,911,917

See Notes to Financial Statements.

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New Braunfels Independent School District

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS - EXHIBIT D-3

For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds	Governmental Activities
	702 Athletic Camps	Internal Service Funds
Cash Flows from Operating Activities		
Cash received from customers	$ 80,947	$ 6,695,766
Cash payments to suppliers	(34,182)	(6,057,096)
Cash payments to employees	(46,765)	-
Other payments	-	90,529
Net Cash Provided by Operating Activities	-	729,199
Cash Flows From Noncapital Financing Activities		
Purchase of investments	-	(234,629)
Transfers to other funds	-	(528,000)
Net Cash (Used) by Noncapital Financing Activities	-	(762,629)
Cash Flows From Investing Activities		
Interest and dividends	-	55,180
Net Cash Provided by Investing Activities	-	55,180
Net Increase in Cash and Cash Equivalents	-	21,750
Beginning cash and cash equivalents	-	457,582
Ending Cash and Cash Equivalents	$ -	$ 479,332
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income	$ -	$ 574,722
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in Assets and Liabilities:		
(Increase) decrease in due from other funds	19,616	78,899
Increase (decrease) in due to other funds	-	12,273
Increase (decrease) in accounts payable	-	63,305
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in unearned revenue	(19,616)	-
Net Cash Provided by Operating Activities	$ -	$ 729,199

See Notes to Financial Statements.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS - EXHIBIT E-1

June 30, 2020

	Agency Fund Student Activity
Assets	
Cash and cash equivalents	$ 53,838
Total Assets	53,838
Liabilities	
Due to others	7,653
Due to student groups	46,185
Total Liabilities	53,838
Net Position	
Held in trust	-
Total Net Position	$ -

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

New Braunfels Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas (the "State"). 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 it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. No other entities have been included in the District's reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the District's business-type activities and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following governmental funds:

General Fund

The general fund is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the District's business-type activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses includes costs of material, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District has the following types of proprietary funds:

Enterprise Fund

The enterprise funds are used to account for and report operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (expenses including depreciation) of providing goods or services on a continuing basis will be financed or recovered primarily through user charges. This fund is reported as business-type activities in the government-wide financial statements.

Internal Service Funds

These funds are used to account for and report revenue and expenses related to services provided to parties inside the District on a cost-reimbursement basis. These funds account for the District's workers' compensation risk management, the District's health insurance, and the central office copiers. Because the principal users of the internal service funds are the District's governmental activities, this fund type is included in the governmental activities column of the governmental-wide financial statements.

Fiduciary Funds

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District has the following type of fiduciary funds:

Agency Funds

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for the District's student activity funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are

eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Fully collateralized repurchase agreements that meet certain criteria
Statewide investment pools and commercial paper

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

5. Capital Assets

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government 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 acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	7 to 40 years
Vehicles	5 to 10 years
Equipment	5 to 20 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. 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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Absences

It is the District's policy to permit certain employees to accumulate earned but unused vacation benefits. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment.

8. Long-Term Obligations

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 Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

9. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The District's Board is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

14. 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.

15. Other Postemployment Benefits

The fiduciary net position of the Texas Public School Retired Employees Group Insurance Program (TRS-Care) Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to students and charges to other departments of the District for services provided. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were no material changes between the original budget and the final amended budget.

A. Deficit Fund Balance

As of year end, the District reported a deficit fund balance in the state textbook fund of $109,292, as well as a deficit fund balance in the child nutrition fund of $203,942.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires funds on deposit at the depository bank to be collateralized. As of year end, checking and time deposits were completely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's investments are held in external investment pools which are not subject to custodial credit risk.

As of June 30, 2020, the District's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

Investments	Maturity	Amount	Rating
Texpool	N/A	$ 5,408,490	AAAm
Lone Star	N/A	112,392,379	AAA
		$ 117,800,869	

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

Lone Star

The First Public Lone Star Investment Pool ("Lone Star") is a public funds investment pool operated under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. Lone Star is governed by trustees comprised of active participants in Lone Star. The Board of Trustees for Lone Star has the responsibility for adopting and monitoring compliance with the investment policy; of appointing investment officers; and of overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. Lone Star is rated "AAA" by Standard & Poor's.

B. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

Governmental Activities:	**Beginning Balances**	**Increases**	**(Decreases)**	**Ending Balances**
Capital assets not being depreciated:				
Land	$ 15,218,270	$ 1,973,202	$ (500,000)	$ 16,691,472
Construction in progress	7,854,784	32,805,528	(531,126)	40,129,186
Total Capital Assets Not Being Depreciated	23,073,054	34,778,730	(1,031,126)	56,820,658
Other capital assets:				
Buildings and improvements	217,944,057	531,126	-	218,475,183
Equipment and vehicles	11,772,681	464,284	(288,098)	11,948,867
Total Other Capital Assets	229,716,738	995,410	(288,098)	230,424,050
Less accumulated depreciation for:				
Buildings and improvements	(56,488,947)	(5,612,059)	-	(62,101,006)
Equipment and vehicles	(9,139,853)	(567,989)	288,098	(9,419,744)
Total Accumulated Depreciation	(65,628,800)	(6,180,048)	288,098	(71,520,750)
Other capital assets, net	164,087,938	(5,184,638)	-	158,903,300
Governmental Activities Capital Assets, Net	$ 187,160,992	$ 29,594,092	$ (1,031,126)	215,723,958

Less associated debt	(248,942,479)
Plus unspent bond proceeds	43,981,268
Plus deferred charge on refunding	2,233,937
Net Investment in Capital Assets	$ 12,996,684

Depreciation was charged to governmental functions as follows:

		Governmental Activities
11	Instruction	$ 3,932,968
12	Instructional resources/media services	87,637
13	Curriculum and staff development	28,376
23	School leadership	76,168
31	Guidance, counseling, and evaluation services	36,342
33	Health services	30,598
34	Student (pupil) transportation	497,223
35	Food service	422,528
36	Extracurricular activities	479,101
41	General administration	250,473
51	Plant maintenance and operations	278,699
52	Security and monitoring services	39,031
53	Data processing services	20,904
	Total Depreciation Expense	$ 6,180,048

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the general and debt service funds to liquidate governmental long-term liabilities.

Governmental Activities:	Beginning Balance	Additions	(Reductions)	Ending Balance		Amounts Due Within One Year	Interest Rates
Bonds payable							
Series 2012	$ 20,282,245	$ -	$ (20,282,245)	$ -		$ -	1.625-5.00%
Series 2012A	3,300,000	-	(3,300,000)	-		-	2.00-5.00%
Series 2013	8,720,000	-	(415,000)	8,305,000		275,000	3.00-3.50%
Series 2014	8,125,000	-	(30,000)	8,095,000		30,000	2.00-2.75%
Series 2015	5,235,000	-	-	5,235,000		-	3.50%
Series 2015A	15,249,993	-	(100,000)	15,149,993		140,000	2.00-5.00%
Series 2016	41,890,000	-	(1,945,000)	39,945,000		5,860,000	3.00-5.00%
QSCB Series 2016	6,982,000	-	(582,000)	6,400,000		582,000	0.00%
Series 2017	17,900,000	-	(150,000)	17,750,000		100,000	3.00-5.00%
Series 2019	74,055,000	-	(2,755,000)	71,300,000		2,920,000	3.00-5.00%
Series 2020	-	47,542,232	-	47,542,232		985,000	4.00-5.00%
	201,739,238	47,542,232	(29,559,245)	219,722,225	*	10,892,000	
Other liabilities:							
Compensated absences	641,428	577,285	(681,483)	537,230		483,507	
Net issuance premiums (discounts)	15,261,992	12,039,646	(3,609,586)	23,692,052	*	-	
Accreted interest	5,328,425	199,777	-	5,528,202	*	-	
Net pension liability	24,322,786	-	(737,933)	23,584,853		-	
Net OPEB liability	29,567,253	-	(1,108,354)	28,458,899		-	
Total Governmental Activities	$ 276,861,122	$ 60,358,940	$ (35,696,601)	$ 301,523,461		$ 11,375,507	
			Long-term liabilities due in more than one year	$ 290,147,954			
			***Debt associated with capital assets**	$ 248,942,479			

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

New Debt

On January 15, 2020, the District issued $47,542,233 of Unlimited Tax School Building and Refunding Bonds, Series 2020, of which $19,467,233 were used to refund the outstanding Series 2012 Unlimited Tax School Building and Refunding Bonds. The bonds have interest rates ranging from 4.00% to 5.00% and have a final maturity of February 1, 2037. The net proceeds of $24,154,813 were deposited in trust with an escrow agent to provide for the redemption of the bonds. This current refunding was undertaken to reduce the total debt service payments over the next 17 years by $3,143,567 and represented an economic gain of $2,585,033.

The annual requirements to amortize debt issues outstanding at year end are as follows:

Year Ended June 30	General Obligation Bonds		
	Principal	Interest	Total Requirements
2021	$ 10,892,000	$ 8,472,128	$ 19,364,128
2022	11,192,000	7,876,968	19,068,968
2023	8,724,225	10,788,880	19,513,105
2024	11,057,000	7,222,206	18,279,206
2025	11,322,000	6,869,481	18,191,481
2026-2030	54,399,000	27,735,432	82,134,432
2031-2035	48,666,000	17,883,513	66,549,513
2036-2040	41,440,000	9,521,400	50,961,400
2041-2043	22,030,000	1,796,150	23,826,150
Totals	$ 219,722,225	$ 98,166,158	$ 317,888,383

D. Commitments Under Noncapitalized Leases

The District has various operating lease agreements where the future minimum payments are immaterial to the operations of the District and, accordingly, the District has elected not to disclose future payments by fiscal year.

E. Interfund Transactions

The interfund balances and transfers were as follows:

	Due From Other Funds
General fund	
Capital projects fund	$ 769,436
Other governmental funds	669,123
Internal service funds	142,024
Total General Fund	1,580,583
Debt service fund	
General fund	17,155
Total Debt Service Fund	17,155
Other governmental funds	
Other governmental funds	26,864
General fund	405,992
Total Other Governmental Funds	432,856
Enterprise fund	
General fund	48,882
Total Enterprise Fund	48,882
Total	$ 2,079,476

	Transfers From Other Funds
Debt service fund	
Capital projects fund	$ 383,039
Total	$ 383,039
General fund	
Internal service fund	528,000
Total General Fund	528,000
Total	$ 911,039

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year. Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment”.

IV. OTHER INFORMATION

A. 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; and natural disasters for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations. The District does not anticipate an arbitrage rebate liability.

C. Defined Benefit Pension Plan

Teacher Retirement System

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by TRS. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. TRS's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in the State who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by TRS.

Pension Plan Fiduciary Net Position

Detailed information about TRS'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 https://trs.texas.gov/TRS%20Documents/cafr2019.pdf, selecting About TRS, then Publications, then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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 the State. The pension formula is calculated using 2.3% (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 postemployment benefit changes, including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

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

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increase from the State, participating employers, and active employees to make TRS actuarially sound. This action causing TRS to be actuarially sound allowed the Legislature to approve funding for a thirteenth check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity 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 TRS during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contribution Rates

Fiscal Year	State	Public Education Employer*	Active Employee
2019	6.80%	1.50%	7.70%
2020	7.50%	1.50%	7.70%
2021	7.50%	1.60%	7.70%
2022	7.75%	1.70%	8.00%
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

*SB 12 requires an increase in employer contributions by public school districts, charter schools, and regional education service centers. Prior to SB12, only those employers not participating in Social Security were required to pay a 1.5% contribution. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution

Contribution Rates	**2019**	**2020**
Member	7.7%	7.7%
NECE (State)	6.8%	6.8%
Employers	6.8%	6.8%

	Measurement Year (2019)	Fiscal Year (2020)
Employer contributions	$ 1,588,012	$ 1,705,505
Member contributions	$ 3,976,194	$ 3,976,194
NECE on-behalf contributions	$ 2,510,341	$ 2,854,761

Contributors to TRS include members, employers, and the State as the only nonemployer contributing entity (NECE). The State is the employer for senior colleges, medical schools, and state agencies, including TRS. In each respective role, the State contributes to TRS in accordance with state statutes and the General Appropriations Act.

As the NECE for public education and junior colleges, the State contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS during that fiscal year reduced by the amounts described below, which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State as the employer for senior universities and medical 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, a privately sponsored source or from noneducational, and general or local funds.

- When the employing district is a public junior college or junior college district, the employer shall contribute to TRS an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to TRS beginning in fiscal year 2020. This contribution rate, called the Public Education Employer Contribution (PEEC), will replace the Non-Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

- When a school district or charter school does not contribute to the OASDI Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced by the PEEC explained above.

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate	2.63%. Source for the rate is the Fixed Income Market Data/Yeild Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.3%
Salary increases including inflation	3.05% to 9.05%
Payroll growth rate	2.5%
Ad hoc post-employment benefit changes	None

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

Discount Rate

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

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

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

Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized as follows:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2019

	Fiscal Year 2019 Target Allocation (1)	New Target Allocation (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries (4)	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Returns	0.0%	0.0%	0.0%
Real Return			
Global Inflation-Linked Bonds (4)	3.0%	0.0%	0.0%
Real Estate	14.0%	15.0%	8.5%
Energy & Natural Resources	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8/6.5% (5)
Total	100.0%		7.2%

(1) Target allocations are based on the Strategic Asset Allocation as of fiscal year 2019.
(2) New allocations are based on the Strategic Asset Allocation to be implemented fiscal year 2020.
(3) Ten-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%
(4) New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds.
(5) 5.8% (6.5%) return expecation 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 (NPL) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the NPL:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	$ 36,253,345	$ 23,584,853	$ 13,320,929

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At August 31, 2020, the District reported a liability of $23,584,853 for its proportionate share of the TRS's NPL. This liability reflects a reduction for state pension support provided to the District. The amounts recognized by the District as its proportionate share of the NPL, the related state support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension lial	$ 23,584,853
State's proportionate share that is associated with the District	37,284,689
Total	$ 60,869,542

The NPL was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The District's proportion of the NPL was based on the District's contributions to TRS relative to the contributions of all employers to TRS for the period September 1, 2018 through August 31, 2019.

At August 31, 2020, the District's proportion of the collective NPL was 0.0453702%, which was an increase of 0.0011810% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial 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.

- The Texas Legislature approved funding for a thirteenth check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or $2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of $5,856,899 and revenue of $5,856,899 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 99,077	$ (818,904)
Changes in actuarial assumptions	7,317,180	(3,023,805)
Difference between projected and actual investment earnings	236,820	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,200,791	(304)
Contributions paid to TRS subsequent to the measurement	1,453,846	-
Total	$ 11,307,714	$ (3,843,013)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 99,077	$ (818,904)
Changes in actuarial assumptions	7,317,180	(3,023,805)
Difference between projected and actual investment earnings	236,820	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,200,791	(304)
Contributions paid to TRS subsequent to the measurement	1,453,846	-
Total	$ 11,307,714	$ (3,843,013)

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

Year Ended June 30	Pension Expense
2021	$ 1,539,874
2022	1,261,572
2023	1,481,244
2024	1,403,171
2025	516,742
Thereafter	(191,748)
Total	$ 6,010,855

D. Defined Other Postemployment Benefit Plans

Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined benefit OPEB plan that has a special funding situation. TRS-Care is administered through a trust by TRS Board of Trustees (the "Board"). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed information about TRS-Care's fiduciary net position is available in a separately issued TRS Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at www.trs.texas.gov/TRS%20Documents/cafr2019.pdf; 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 TRS-Care as of August 31, 2019 are as follows:

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

Benefits Provided

TRS-Care provides a basic health insurance coverage, TRS-Care 1 (the "Basic Plan") at no cost to all retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of TRS. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits, TRS-Care 2 and TRS-Care 3 (the "Optional Health Insurance"). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least ten years of service credit in TRS. The Board is granted the authority to establish basic and optional group insurance coverage for participants, as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments.

The premium rates for the Optional Health Insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage:

TRS-Care Plan Premium Rates

	Medicare	Non-Medicare
Retiree*	$ 135	$ 200
Retiree and spouse	$ 529	$ 689
Retiree and children	$ 468	$ 408
Retiree and family	$ 1,020	$ 999

**or surviving spouse*

Contributions

Contribution rates for TRS-Care are established in state statute by the Texas Legislature and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the State, active employees, and school districts based upon public school district payroll. The TRS Board does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate, which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate, which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to TRS-Care by type of contributor:

Contribution Rates

	Fiscal Year	
	2019	**2020**
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

	Measurement Year (2019)	Fiscal Year (2020)
Employee contributions	$ 427,097	$ 444,718
Member contributions	$ 167,826	$ 167,826
NECE on-behalf contributions	$ 567,482	$ 645,486

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

TRS-Care received supplemental appropriations from the State as the NECE 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 of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the TRS pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic

assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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:

1. Rates of Mortality
2. Rates of Retirement
3. Rates of Termination
4. Rates of Disability Incidence
5. General Inflation
6. Wage Inflation
7. Expected Payroll Growth

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2018 rolled forward to 8/31/19
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% participation 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% to 9.05% including inflation
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax 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 2.3%.
- 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% in the discount rate since the previous year. Because TRS-Care 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 NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care’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 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 net OPEB liability	$ 34,359,022	$ 28,458,899	$ 23,843,226

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate of 8.5%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of net OPEB liability	$ 23,215,771	$ 28,458,899	$ 35,482,282

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEBs

At June 30, 2020, the District reported a liability of $28,458,899 for its proportionate share of TRS-Care'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 the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 28,458,899
State's proportionate share that is associated with the District	37,815,511
Total	$ 66,274,410

The net OPEB liability was measured as of August 31, 2018 and rolled forward to 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 District's proportion of the net OPEB liability was based on the District's contributions to TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2018 through August 31, 2019.

At June 30, 2020, the employer's proportion of the collective net OPEB liability was 0.0601780%, compared to 0.0592163% as of June 30, 2019.

Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.

- The healthcare trend rates were reset to better reflect TRS-Care's anticipated experience. This change increased the total OPEB liability.

- The participation rate for pre-65 retirees was lowered from 70% to 60%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% 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 total OPEB liability.

- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2020, the District recognized OPEB expense of $998,775 and revenue of $998,775 for support provided by the State.

At June 30, 2020, the District reported its proportionate share of TRS-Care's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,396,151	$ (4,656,997)
Changes in actuarial assumptions	1,580,670	(7,654,745)
Differences between projected and actual investment earnings	3,071	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,176,004	-
Contributions paid to TRS subsequent to the measurement date	376,140	-
Total	$ 5,532,036	$ (12,311,742)

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB (revenue) as follows:

Year Ended June 30	Expense Amount
2021	$ (1,270,456)
2022	(1,270,456)
2023	(1,271,450)
2024	(1,272,018)
2025	(1,271,863)
Thereafter	(799,603)
	$ (7,155,846)

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 TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended June 30, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on behalf of the District were $262,146, $191,431, and $145,061, respectively.

E. Employee Health Care Coverage

During the year, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of $332 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable September 1, 2020 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation Insurance

During the year ended June 30, 2020, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of $2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2019, the Fund carries a discounted reserve of $45,439,534 for future development on reported claims and claims that have been incurred but not

yet reported. For the year ended June 30, 2020, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

G. Unemployment Compensation

During the year ended June 30, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended June 30, 2020, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019 are available on the TASB Risk Management Fund's website and have been filed with the Texas Department of Insurance in Austin.

H. Shared Services Arrangements

The District participates in a shared services arrangement (SSA) for homeless children and youth. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region X, 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 the District. The fiscal agent manager is responsible for part of the financial activities of the SSA.

The District participates in an SSA for hearing impaired children. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region XIII, 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 the District. The fiscal agent manager is responsible for part of the financial activities of the SSA.

The District participates in an SSA for visually handicapped children. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region XIII, 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 the District. The fiscal agent manager is responsible for part of the financial activities of the SSA.

I. Subsequent Event

In March 2020, COVID-19 was recognized as a pandemic worldwide. With local stay-at-home orders in effect, the District suspended in-classroom learning for the remainder of the school year. While the initial event occurred prior to year-end, the District was, subsequent to year-end, continuing to modify operations to prevent the spread to protect students, staff, and the community as a whole, while balancing the educational needs of students. In August 2020, the District resumed the 2020-2021 school year on the regularly scheduled start date by providing parents and guardians the option for remote learning. The District has made changes to operations, including provisions for students and staff to wear masks and more frequent cleanings. While such changes cause a hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The District is continuing to monitor exposure levels with students, staff and the community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with in-class learning. However, the District is ready to modify plans if necessary and will continue to seek out additional funding to cover the increased costs in responding to the pandemic.

REQUIRED SUPPLEMENTARY INFORMATION

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New Braunfels
Independent School District

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1
For the Year Ended June 30, 2020

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
	Revenues				
5700	Local, intermediate, and out-of-state	$ 55,950,000	$ 52,419,573	$ 57,273,836	$ 4,854,263
5800	State program revenues	19,120,077	23,223,039	22,427,914	(795,125)
5900	Federal program revenues	150,000	150,000	1,107,290	957,290
5020	**Total Revenues**	75,220,077	75,792,612	80,809,040	5,016,428
	Expenditures				
0011	Instruction	46,998,772	42,475,726	40,749,965	1,725,761
0012	Instructional resources/media services	940,738	1,279,276	1,223,373	55,903
0013	Curriculum and staff development	926,270	1,325,058	1,112,201	212,857
0021	Instructional leadership	726,186	930,599	873,523	57,076
0023	School leadership	4,528,018	5,485,690	5,380,935	104,755
0031	Guidance, counseling, and				
0031	evaluation services	1,933,114	2,858,607	2,561,736	296,871
0032	Social work services	46,144	357,638	332,418	25,220
0033	Health services	758,185	1,063,057	1,007,871	55,186
0034	Student (pupil) transportation	2,329,436	2,580,642	2,209,280	371,362
0036	Extracurricular activities	2,369,555	1,832,555	1,819,208	13,347
0041	General administration	2,635,960	2,680,729	2,490,101	190,628
0051	Plant maintenance and operations	8,783,602	9,822,695	7,819,175	2,003,520
0052	Security and monitoring services	535,549	578,013	502,449	75,564
0053	Data processing services	1,321,390	1,830,857	1,711,754	119,103
0061	Community services	354,366	375,951	336,840	39,111
	Debt service:				
0071	Principal	11,934	13,770	-	13,770
	Capital outlay:				
0081	Facilities acquisition and construction	24,600	3,412,202	2,970,795	441,407
	Intergovernmental:				
0093	Shared service arrangements	-	52,456	52,456	-
0099	Other intergovernmental charges	466,540	763,877	763,873	4
6030	**Total Expenditures**	75,690,359	79,719,398	73,917,953	5,801,445
1100	**Excess (Deficiency) of Revenues Over (Under) Expenditures**	(470,282)	(3,926,786)	6,891,087	10,817,873
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	3,415,057	3,415,057	-
7915	Transfers in	-	528,000	528,000	-
7080	**Total Other Financing Sources**	-	3,943,057	3,943,057	-
1200	**Net Change in Fund Balance**	(470,282)	16,271	10,834,144	10,817,873
0100	Beginning fund balance	45,101,284	45,101,284	45,101,284	-
3000	**Ending Fund Balance**	$ 44,631,002	$ 45,117,555	$ 55,935,428	$ 10,817,873

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

New Braunfels Independent School District

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2

For the Year Ended June 30, 2020

	Measurement Year*			
	2019	**2018**	**2017**	**2016**
District's proportion of the net pension liability (asset)	0.0453702%	0.0441892%	0.0424717%	0.0413464%
District's proportionate share of the net pension liability (asset)	$ 23,584,853	$ 24,322,786	$ 13,580,167	$ 15,624,204
State's proportionate share of the net pension liability associated with the District	37,284,689	39,732,196	22,867,197	27,221,439
Total	$ 60,869,542	$ 64,054,982	$ 36,447,364	$ 42,845,643
District's covered payroll	$ 51,638,880	$ 49,033,021	$ 46,053,006	$ 44,104,082
District's proportionate share of the net pension liability as a percentage of its covered payroll	45.67%	49.60%	29.49%	35.43%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%

* Only six years' worth of information is currently available.

Notes to Required Supplementary Information:

Changes in Assumptions:

The Total Pension Liability (TPL), as of August 31, 2019, was developed using a roll-forward method from the August 31, 2018 valuation.

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.

The discount rate changed from 6.907% as of August 31, 2018 to 7.25% as of August 31, 2019.

Changes in Benefits: There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

Measurement Year*	
2015	2014
0.0430175%	0.0274753%
$ 15,206,114	$ 7,339,032
25,565,550	21,714,430
$ 40,771,664	$ 29,053,462
$ 42,295,575	$ 39,759,377
35.95%	18.46%
78.43%	83.25%

New Braunfels
Independent School District

SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3

Last 10 Fiscal Years

For the Year Ended June 30, 2020

	Fiscal Year*			
	2020	**2019**	**2018**	**2017**
Contractually required contribution	$ 1,705,505	$ 1,336,502	$ 1,475,855	$ 1,379,374
Contributions in relations to the contractually required contribution	1,705,505	1,336,502	1,475,855	1,379,374
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 51,638,880	$ 51,638,880	$ 49,033,021	$ 46,053,006
Contributions as a percentage of covered payroll	3.30%	2.59%	3.01%	3.00%

* Only six years' worth of information is currently available.

Fiscal Year	
2016	2015
$ 1,303,517	$ 1,186,299
1,303,517	1,186,299
$ -	$ -
$ 44,104,082	$ 41,955,471
2.96%	2.83%

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New Braunfels Independent School District

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE) EXHIBIT G-4

For the Year Ended June 30, 2020

	Measurement Year*		
	2019	**2018**	**2017**
District's proportion of the collective net OPEB liability	0.0601780%	0.0592163%	0.0557912%
District's proportionate share of the collective net OPEB liability	$ 28,458,899	$ 29,567,253	$ 24,261,494
State's proportionate share of the collective net OPEB liability associated with the District	37,815,511	42,872,294	36,628,258
Total	$ 66,274,410	$ 72,439,547	$ 60,889,752
District's covered employee payroll**	$ 51,638,880	$ 49,033,021	$ 46,053,006
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	55.11%	60.30%	52.68%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

* Only three years' worth of information is currently available.

Notes to Required Supplementary Information:

Changes in Assumptions:

The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of 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 total OPEB liability.

The trend rates were reset to better reflect TRS's anticipated experience. This change increased the total OPEB liability.

The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.

Changes in Benefits:

There were no changes in benefit terms since the prior measurement date.

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New Braunfels
Independent School District

SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES
GROUP INSURANCE PROGRAM (TRS-CARE) EXHIBIT G-5
For the Year Ended June 30, 2020

	Fiscal Year*		
	2020	**2019**	**2018**
Statutorily required contributions	$ 444,718	$ 422,975	$ 453,296
Contributions in relations to the statutorily required contributions	444,718	422,975	453,296
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 54,253,631	$ 51,638,880	$ 49,033,021
Contributions as a percentage of covered payroll	0.82%	0.82%	0.92%

* Only three years' worth of information is currently available.

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SUPPLEMENTARY INFORMATION

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 2)

June 30, 2020

Data Control Codes		205 Head Start	206 ESEA Title X Part C	211 ESEA Title I Part A	224 IDEA-B Formula
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ -
1240	Due from other governments	-	5,132	207,246	154,225
1260	Due from other funds	2,038	-	301	4,413
1290	Other receivables	32,361	-	-	-
1300	Inventories	-	-	-	-
1000	**Total Assets**	$ 34,399	$ 5,132	$ 207,547	$ 158,638
	Liabilities				
2110	Accounts payable	$ -	$ -	$ -	$ -
2170	Due to other funds	34,399	5,132	207,547	158,638
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	34,399	5,132	207,547	158,638
	Fund Balances				
	Nonspendable:				
3410	Inventories	-	-	-	-
	Restricted:				
3450	Federal/state funds grant restrictions	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3600	Unreserved	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 34,399	$ 5,132	$ 207,547	$ 158,638

225 IDEA-B Preschool	240 National School Breakfast and Lunch Program	244 Career and Technical Basic Grant	255 ESEA Title II Part A	263 Title III Part A	287 Educational Jobs
$ -	$ 27,017	$ -	$ -	$ -	$ -
3,558	-	21,692	32,425	10,893	8,570
-	-	-	-	-	-
-	-	-	-	-	-
-	37,857	-	-	-	-
$ 3,558	$ 64,874	$ 21,692	$ 32,425	$ 10,893	$ 8,570
$ -	$ 44,393	$ -	$ -	$ -	$ -
3,558	190,774	21,692	32,425	10,893	8,570
-	33,649	-	-	-	-
3,558	268,816	21,692	32,425	10,893	8,570
-	37,857	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(241,799)	-	-	-	-
-	(203,942)	-	-	-	-
$ 3,558	$ 64,874	$ 21,692	$ 32,425	$ 10,893	$ 8,570

New Braunfels
Independent School District

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 2)

June 30, 2020

Data Control Codes		289 LEP Summer School	385 State Supplemental Visually Impaired	392 Noneducational Community Based Support	397 Advanced Placement Incentives
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ -
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	4,216	-	6,792
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	**Total Assets**	$ -	$ 4,216	$ -	$ 6,792
	Liabilities				
2110	Accounts payable	$ -	$ -	$ -	$ -
2170	Due to other funds	-	-	-	-
2300	Unearned revenue	-	-	-	6,792
2000	**Total Liabilities**	-	-	-	6,792
	Fund Balances				
	Nonspendable:				
3410	Inventories	-	-	-	-
	Restricted:				
3450	Federal/state funds grant restrictions	-	4,216	-	-
3490	Other restrictions of fund balance	-	-	-	-
3600	Unreserved	-	-	-	-
3000	**Total Fund Balances**	-	4,216	-	-
4000	**Total Liabilities and Fund Balances**	$ -	$ 4,216	$ -	$ 6,792

410 State Textbook	429 Academy Activity	461 Campus Activity	Total Nonmajor Governmental Funds
$ -	$ -	$ 868,563	$ 895,580
1,089	1,000	-	445,830
376,498	18,486	20,112	432,856
-	-	-	32,361
-	-	-	37,857
$ 377,587	$ 19,486	$ 888,675	$ 1,844,484
$ -	$ -	$ 75,750	$ 120,143
-	1,000	21,359	695,987
486,879	18,486	268,363	814,169
486,879	19,486	365,472	1,630,299
-	-	-	37,857
-	-	-	4,216
-	-	523,203	523,203
(109,292)	-	-	(351,091)
(109,292)	-	523,203	214,185
$ 377,587	$ 19,486	$ 888,675	$ 1,844,484

New Braunfels
Independent School District

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 2)
For the Year Ended June 30, 2020

Data Control Codes		205 Head Start	206 ESEA Title X Part C	211 ESEA Title I Part A	224 IDEA-B Formula
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	457,933	26,865	1,271,486	1,238,024
5020	**Total Revenues**	457,933	26,865	1,271,486	1,238,024
	Expenditures				
0011	Instruction	457,933	756	906,148	898,596
0012	Instructional resources/media services	-	-	7,828	-
0013	Curriculum and staff development	-	-	54,644	12,630
0021	Instructional leadership	-	26,109	78,555	51,860
0023	School leadership	-	-	1,406	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	2,600	268,310
0032	Social work services	-	-	51,595	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	6,378
0041	General administration	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	168,710	250
6030	**Total Expenditures**	457,933	26,865	1,271,486	1,238,024
1200	**Net Change in Fund Balances**	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	**Ending Fund Balances**	$ -	$ -	$ -	$ -

225 IDEA-B Preschool	240 National School Breakfast and Lunch Program	244 Career and Technical Basic Grant	255 ESEA Title II Part A	263 Title III Part A	287 Educational Jobs
$ -	$ 1,038,102	$ -	$ -	$ -	$ -
-	15,868	-	-	-	-
23,584	1,944,539	87,909	200,462	69,637	55,688
23,584	2,998,509	87,909	200,462	69,637	55,688
23,584	-	9,559	-	1,570	23,328
-	-	-	-	-	-
-	-	-	199,990	59,108	493
-	-	4,528	372	-	-
-	-	-	100	-	-
-	-	73,822	-	8,669	2,600
-	-	-	-	-	20,267
-	3,139,941	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	290	9,000
23,584	3,139,941	87,909	200,462	69,637	55,688
-	(141,432)	-	-	-	-
-	(62,510)	-	-	-	-
$ -	$ (203,942)	$ -	$ -	$ -	$ -

New Braunfels
Independent School District

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 2)
For the Year Ended June 30, 2020

Data Control Codes		289 LEP Summer School	385 State Supplemental Visually Impaired	392 Noneducational Community Based Support	397 Advanced Placement Incentives
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	6,682	8,494	1,995
5900	Federal program revenues	5,343	-	-	-
5020	**Total Revenues**	5,343	6,682	8,494	1,995
	Expenditures				
0011	Instruction	5,343	6,682	8,494	-
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	-	-	1,995
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	**Total Expenditures**	5,343	6,682	8,494	1,995
1200	**Net Change in Fund Balances**	-	-	-	-
0100	Beginning fund balances	-	4,216	-	-
3000	**Ending Fund Balances**	$ -	$ 4,216	$ -	$ -

410 State Textbook	429 Academy Activity	461 Campus Activity	Total Nonmajor Governmental Funds
$ -	$ -	$ 1,034,393	$ 2,072,495
522,515	108,630	-	664,184
-	-	-	5,381,470
522,515	108,630	1,034,393	8,118,149
524,877	40,603	169,217	3,076,690
-	66	73,920	81,814
-	2,050	1,442	332,352
-	887	-	162,311
-	-	61,585	63,091
-	65,024	185	421,210
-	-	-	71,862
-	-	-	3,139,941
-	-	801,206	807,584
-	-	1,637	1,637
-	-	275	275
-	-	615	178,865
524,877	108,630	1,110,082	8,337,632
(2,362)	-	(75,689)	(219,483)
(106,930)	-	598,892	433,668
$ (109,292)	$ -	$ 523,203	$ 214,185

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New Braunfels Independent School District

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS - EXHIBIT H-3

June 30, 2020

	752 Central Office Copiers	753 Health Insurance	771 Workers' Compensation Insurance	Total Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ -	$ 479,332	$ -	$ 479,332
Investments	-	-	3,640,414	3,640,414
Total Assets	-	479,332	3,640,414	4,119,746
Liabilities				
Current liabilities:				
Accounts payable	-	-	63,305	63,305
Due to other funds	13,150	128,874	-	142,024
Unearned revenue	-	-	2,500	2,500
Total Liabilities	13,150	128,874	65,805	207,829
Net Position				
Unrestricted	(13,150)	350,458	3,574,609	3,911,917
Total Net Position	$ (13,150)	$ 350,458	$ 3,574,609	$ 3,911,917

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS - EXHIBIT H-4

For the Year Ended June 30, 2020

	752 Central Office Copiers	753 Health Insurance	771 Workers' Compensation Insurance	Total Internal Service Funds
Operating Revenues				
Charges for services	$ -	$ 5,819,168	$ 876,598	$ 6,695,766
Total Operating Revenues	-	5,819,168	876,598	6,695,766
Operating Expenses				
Contractual services	13,532	466,072	-	479,604
Insurance and bonding costs	-	5,330,469	310,328	5,640,797
Other supplies and expenses	643	-	-	643
Total Operating Expenses	14,175	5,796,541	310,328	6,121,044
Operating Income (Loss)	(14,175)	22,627	566,270	574,722
Nonoperating Revenues				
Interest and investment revenue	-	-	55,180	55,180
Total Nonoperating Revenues	-	-	55,180	55,180
Income (Loss) Before Contributions and Transfers	(14,175)	22,627	621,450	629,902
Transfers out	-	-	(528,000)	(528,000)
Change in Net Position	(14,175)	22,627	93,450	101,902
Beginning net position	1,025	327,831	3,481,159	3,810,015
Ending Net Position	$ (13,150)	$ 350,458	$ 3,574,609	$ 3,911,917

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New Braunfels
Independent School District

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS - EXHIBIT H-5

For the Year Ended June 30, 2020

	752 Central Office Copiers	753 Health Insurance	771 Workers' Compensation Insurance	Total Internal Service Funds
Cash Flows from Operating Activities				
Cash received from customers	$ -	$ 5,819,168	$ 876,598	$ 6,695,766
Cash payments to suppliers	(13,532)	(5,796,541)	(247,023)	(6,057,096)
Other receipts (payments)	13,532	(877)	77,874	90,529
Net Cash Provided by Operating Activities	-	21,750	707,449	729,199
Cash Flows From Noncapital Financing Activities				
Purchase of investments	-	-	(234,629)	(234,629)
Transfers to other funds	-		(528,000)	(528,000)
Net Cash (Used) by Noncapital Financing Activities	-	-	(762,629)	(762,629)
Cash Flows From Investing Activities				
Interest and dividends	-	-	55,180	55,180
Net Cash Provided by Investing Activities	-	-	55,180	55,180
Net Increase in Cash and Cash Equivalents	-	21,750	-	21,750
Beginning cash and cash equivalents	-	457,582	-	457,582
Ending Cash and Cash Equivalents	$ -	$ 479,332	$ -	$ 479,332
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (14,175)	$ 22,627	$ 566,270	$ 574,722
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Change in Assets and Liabilities:				
(Increase) decrease in due from other funds	1,025	-	77,874	78,899
Increase (decrease) in due to other funds	13,150	(877)	-	12,273
Increase (decrease) in accounts payable	-	-	63,305	63,305
Net Cash Providedby Operating Activities	$ -	$ 21,750	$ 707,449	$ 729,199

New Braunfels Independent School District

SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1

For the Year Ended June 30, 2020

	1	2	3
	Tax Rates		Net Assessed/ Appraised Value For School
Last Ten Years	**Maintenance**	**Debt Service**	**Tax Purposes**
2011 and prior	Various	Various	Various
2012	$ 1.0133	$ 0.3258	$ 2,973,189,232
2013	$ 1.0133	$ 0.3258	$ 3,076,696,139
2014	$ 1.0133	$ 0.3258	$ 3,259,588,231
2015	$ 1.0133	$ 0.3258	$ 3,564,805,018
2016	$ 1.0133	$ 0.3258	$ 3,849,024,345
2017	$ 1.0133	$ 0.3258	$ 4,659,665,970
2018	$ 1.0133	$ 0.3258	$ 4,957,161,948
2019	$ 1.0133	$ 0.3258	$ 5,389,923,969
2020	$ 0.9700	$ 0.3258	$ 5,698,854,530
1000 **Totals**			

10	20	31	32	40	50
Beginning Balance 7/1/19	**Current Year's Total Levy**	**Maintenance Total Collected**	**Debt Service Total Collected**	**Entire Year's Adjustments**	**Ending Balance 6/30/20**
$ 177,077	$ -	$ 15,944	$ 4,993	$ (33,022)	$ 123,118
51,605	-	7,265	2,336	-	42,004
59,456	-	7,663	2,464	-	49,329
79,230	-	12,260	3,942	1,973	65,001
103,582	-	25,349	8,150	19,422	89,505
118,299	-	28,856	9,278	19,359	99,524
190,945	-	59,763	19,215	11,441	123,408
314,505	-	83,642	26,893	(31,910)	172,060
1,220,453	-	602,690	188,804	(127,970)	300,989
-	73,845,757	54,073,644	18,162,055	70,024	1,680,082
$ 2,315,152	$ 73,845,757	$ 54,917,076	$ 18,428,130	$ (70,683)	$ 2,745,020

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New Braunfels
Independent School District

BUDGETARY COMPARISON SCHEDULE

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2

For the Year Ended June 30, 2020

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	Revenues				
5700	Local, intermediate, and out-of-state	$ 1,427,806	$ 1,427,806	$ 1,038,102	$ (389,704)
5800	State program revenues	15,000	15,000	15,868	868
5900	Federal program revenues	2,011,888	2,011,888	1,944,539	(67,349)
5020	**Total Revenues**	3,454,694	3,454,694	2,998,509	(456,185)
	Expenditures				
0035	Food service	3,498,532	3,498,532	3,139,941	358,591
6030	**Total Expenditures**	3,498,532	3,498,532	3,139,941	358,591
1200	**Net Change in Fund Balance**	(43,838)	(43,838)	(141,432)	(97,594)
0100	Beginning fund balance	(62,510)	(62,510)	(62,510)	-
3000	**Ending Fund Balance**	$ (106,348)	$ (106,348)	$ (203,942)	$ (97,594)

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New Braunfels
Independent School District

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND - EXHIBIT J-3

For the Year Ended June 30, 2020

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	Revenues				
5700	Local, intermediate, and out-of-state	$ 18,154,010	$ 18,154,010	$ 18,599,811	$ 445,801
5800	State program revenues	15,000	15,000	313,560	298,560
5020	**Total Revenues**	18,169,010	18,169,010	18,913,371	744,361
	Expenditures				
	Debt service:				
0071	Principal	10,092,000	10,092,000	10,092,000	-
0072	Interest	7,736,945	7,736,945	7,736,945	-
0073	Bond issuance costs and fees	-	211,749	211,749	-
6030	**Total Expenditures**	17,828,945	18,040,694	18,040,694	-
1100	**Excess of Revenues Over Expenditures**	340,065	128,316	872,677	744,361
	Other Financing Sources (Uses)				
7911	Issuance of bonds	-	19,467,233	19,467,233	-
7915	Transfers in	-	383,039	383,039	-
7916	Premium on issuance of bonds	-	4,892,155	4,892,155	-
8949	Payment to bond escrow agent	-	(24,154,813)	(24,154,813)	-
7080	**Total Other Financing Sources**	-	587,614	587,614	-
1200	**Net Change in Fund Balance**	340,065	715,930	1,460,291	744,361
0100	Beginning fund balance	6,727,714	6,727,714	6,727,714	-
3000	**Ending Fund Balance**	$ 7,067,779	$ 7,443,644	$ 8,188,005	$ 744,361

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FEDERAL AWARDS AND OTHER COMPLIANCE SECTION

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INDEPENDENT AUDITORS' 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*

January 4, 2021,

To the Board of Trustees of
New Braunfels Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Braunfels Independent School District (the "District"), as of and for the year ended June 30, 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 January 4, 2021.
.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

AUDITING TEXAS GOVERNMENTS WITH EXCELLENCE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

January 4, 2021

To the Board of Trustees of
New Braunfels Independent School District:

Report on Compliance for Each Major Federal Program

We have audited the New Braunfels Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended June 30, 2020

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the District.

2. Significant deficiencies in internal control were not disclosed by the audit of the basic financial statements.

3. No instances of noncompliance material to the financial statements were disclosed during the audit.

4. Significant deficiencies in internal control over major federal award programs were not disclosed by the audit.

5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.

6. No audit findings relative to the major federal award programs for the District are reported in Part C of this schedule.

7. The programs included as major programs are:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	ESEA Title I, Part A

8. The threshold for distinguishing Type A and B programs was $750,000.

9. The District did qualify as a low-risk auditee.

B. FINDINGS –BASIC FINANCIAL STATEMENT AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS AUDIT

None Noted

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New Braunfels Independent School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1

For the Year Ended June 30, 2020

(1) Federal Grantor/Pass Through Grantor/Program or Cluster Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
ESEA Title I, Part A	84.010	19610101046901	$ 256,750
ESEA Title I, Part A	84.010	20610101046901	1,014,736
IDEA B, Formula Grant*	84.027	196600010469016600	309,963
IDEA B, Formula Grant*	84.027	206600010469016600	928,061
IDEA B, Preschool*	84.173	186610010469016610	3,269
IDEA B, Preschool*	84.173	196610010469016610	4,995
IDEA B, Preschool*	84.173	206610010469016610	15,320
Title III, Part A	84.365	19671001046901	10,871
Title III, Part A	84.365	20671001046901	58,767
Career and Technical, Basic Grant	84.048	20420006046901	87,909
Title II, Part A, Teacher and Principal	84.367	19694501046901	43,912
Title II, Part A, Teacher and Principal	84.367	20694501046901	156,550
Title IV, Part A, Subpart 1	84.424A	19680101046901	7,545
Title IV, Part A, Subpart 1	84.424A	20680101046901	48,143
LEP Summer School	84.369	69551202	5,342
Passed Through Education Service Center, Region X			
Education for Homeless Children	84.196	18-007	4,110
Education for Homeless Children	84.196	19-004	22,755
		TOTAL U.S. DEPARTMENT OF EDUCATION	2,978,998
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through BCFS Education Services			
Head Start Program	93.600	06CH7161-01-3855	457,933
		TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	457,933
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education			
School Breakfast Programs*	10.553	806780706	431,519
National School Lunch*	10.555	806780706	1,316,084
USDA Commodities	10.565	806780706	196,936
		TOTAL U.S. DEPARTMENT OF AGRICULTURE	1,944,539
		TOTAL EXPENDITURES OF FEDERAL AWARDS	$ 5,381,470

** Indicates clustered program under OMB Compliance Supplement*

The accompanying notes are an integral part of this schedule.

Federal revenue per SEFA	$ 5,381,470
SHARS	1,060,642
JROTC	46,648
C-2 Federal revenue	$ 6,488,760

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NEW BRAUNFELS
INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

NOTE 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the District, and is presented on the accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: INDIRECT COST RATE

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The District has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 3: DONATED PERSONAL PROTECTIVE EQUIPMENT

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The District did not receive PPE donations during the reporting year.

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New Braunfels
Independent School District

SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the Year Ended June 30, 2020

Data Control Codes		Responses
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 terns of any debt agreement at fiscal year end?	No
SF3	Did the District make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the District was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the District is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the District issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the District is considered to have been issued a warrant hold.	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 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 that were in effect at the District's fiscal year end?	Yes
SF8	Did the Board members discuss the District's property values at a Board meeting within 120 days before the school district adopted its budgets?	Yes
SF9	Total accumulated accretion on CABs included in government-wide finanical statements at fiscal year end.	$ 5,528,202

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