

ANNUAL FINANCIAL REPORT

of the

**WOODVILLE
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended
August 31, 2020**

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INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Woodville Independent School District
Name of School District

Tyler
County

229-903
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved _____ disapproved for the year ended August 31, 2020, at a meeting of the Board of Trustees of such school district on the 18 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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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Woodville Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodville Independent School District (the "District"), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2020, and the respective changes in financial position 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* (CFR) 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, the schedule of expenditures of federal awards, and other supplementary information 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, the schedule of expenditures of federal awards, and other supplementary information 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.

The logo for Belt Harris Pechacek, LLP features the company name in a stylized, serif font. The letters 'B', 'H', and 'P' are significantly larger and more ornate than the other letters, which are in a smaller, simpler serif font. The letters are dark blue or black.

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

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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WOODVILLE

INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 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 Woodville Independent School District (the "District") for the year ending August 31, 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 August 31, 2020 was \$11,526,587.
- For the fiscal year ended August 31, 2020, the District's general fund reported a total fund balance of \$5,117,929, of which \$180,597 is nonspendable, \$800,000 is committed, and \$4,137,332 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects funds) reported combined ending fund balances of \$8,850,948.

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 financial 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.
- *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. These statements include a private-purpose trust fund and a student activity fund.

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.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

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 class of activities:

Governmental Activities – 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.

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed 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.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

The District has the following kinds of funds:

- *Governmental funds* – 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, additional information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds and various trust 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 and a statement of changes in fiduciary net position. These activities are excluded 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 \$11,526,587 at August 31, 2020. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2020.

Table 1 indicates the District's net position decreased \$1,096,509 in total from the prior year. The details of this decrease can be seen in *Table 2*. The total assets decreased by \$1,865,334 due to the decrease in investments used for debt payments and the decrease in capital assets related to the completion of construction in progress in the current year. The total liabilities decreased of \$1,310,110 is substantially due to the foundation revenue payment back to the State of Texas and paying off the 2010 refunding bond debt. The District experienced an increase in total revenue of \$1,087,598 primarily due to an increase in grants and contributions not restricted for specific programs due to an increase in foundation revenues. Total expenses also experienced an increase by \$1,883,165 mainly due an increase in instruction due to expending more throughout the year and increases in pension and other postemployment benefit plan liabilities.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

Table 1
Net Position

| Description | Governmental Activities | | Total Change |
|---|--------------------------------|----------------------|-----------------------|
| | 2020 | 2019 | 2020-2019 |
| Current assets | \$ 11,856,957 | \$ 12,776,860 | \$ (919,903) |
| Capital assets | 15,434,186 | 16,379,617 | (945,431) |
| Total Assets | 27,291,143 | 29,156,477 | (1,865,334) |
| Deferred outflows - pensions | 2,346,440 | 2,391,713 | (45,273) |
| Deferred outflows - OPEB | 1,607,657 | 817,057 | 790,600 |
| Total Deferred Outflows of Resources | 3,954,097 | 3,208,770 | 745,327 |
| Current liabilities | 1,216,092 | 1,880,821 | (664,729) |
| Long-term liabilities | 14,708,363 | 15,353,744 | (645,381) |
| Total Liabilities | 15,924,455 | 17,234,565 | (1,310,110) |
| Deferred inflows - pensions | 945,573 | 471,138 | 474,435 |
| Deferred inflows - OPEB | 2,848,585 | 2,036,448 | 812,137 |
| Total Deferred Inflows of Resources | 3,794,158 | 2,507,586 | 1,286,572 |
| Net Position: | | | |
| Net investment | | | |
| in capital assets | 12,014,738 | 12,085,441 | (70,703) |
| Restricted | 3,732,353 | 3,918,055 | (185,702) |
| Unrestricted | (4,220,504) | (3,380,400) | (840,104) |
| Total Net Position | \$ 11,526,587 | \$ 12,623,096 | \$ (1,096,509) |

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

Table 2
Changes in Net Position

| | Governmental Activities | | Total Change |
|--|------------------------------------|----------------------|-------------------------|
| | 2020 | 2019 | 2020-2019 |
| Revenues | | | |
| Program revenues: | | | |
| Charges for services | \$ 961,828 | \$ 772,083 | \$ 189,745 |
| Operating grants and contributions | 3,835,327 | 3,507,197 | 328,130 |
| General revenues: | | | |
| Property taxes | 6,310,750 | 6,259,851 | 50,899 |
| Grants and contributions not restricted for specific programs | 7,415,025 | 6,767,516 | 647,509 |
| Investment earnings | 106,836 | 272,312 | (165,476) |
| Other revenue | 164,941 | 128,150 | 36,791 |
| Total Revenue | 18,794,707 | 17,707,109 | 1,087,598 |
| Expenses | | | |
| Instruction | 9,712,841 | 8,561,089 | 1,151,752 |
| Instructional resources and media services | 220,775 | 205,057 | 15,718 |
| Curriculum/instructional staff development | 256,017 | 160,612 | 95,405 |
| Instructional leadership | 154,015 | 138,641 | 15,374 |
| School leadership | 1,105,962 | 975,209 | 130,753 |
| Guidance, counseling, and evaluation services | 936,196 | 819,581 | 116,615 |
| Health services | 221,486 | 151,669 | 69,817 |
| Student (pupil) transportation | 995,586 | 808,883 | 186,703 |
| Food services | 1,117,830 | 1,089,482 | 28,348 |
| Extracurricular activities | 1,076,455 | 1,068,116 | 8,339 |
| General administration | 1,036,247 | 922,463 | 113,784 |
| Plant maintenance and operations | 1,962,709 | 2,121,944 | (159,235) |
| Security and monitoring services | 86,444 | 59,545 | 26,899 |
| Data processing services | 335,877 | 280,835 | 55,042 |
| Community services | 31,600 | 31,859 | (259) |
| Debt service - interest | 81,424 | 174,176 | (92,752) |
| Payments to shared services arrangements | 328,491 | 222,062 | 106,429 |
| Other intergovernmental charges | 231,261 | 216,828 | 14,433 |
| Total Expenses | 19,891,216 | 18,008,051 | 1,883,165 |
| Change in Net Position | (1,096,509) | (300,942) | (795,567) |
| Beginning net position | 12,623,096 | 12,924,038 | (300,942) |
| Ending Net Position | \$ 11,526,587 | \$ 12,623,096 | \$ (1,096,509) |

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2020, the District's governmental funds reported a combined fund balance of \$8,850,948. This compares to a combined fund balance of \$9,232,173 at August 31, 2019. The fund balance in the general fund of \$5,117,929 decreased by \$90,127 during the fiscal year. The decrease can be attributed largely to an increase in plant maintenance and operations expenditures related to the purchase of the T-Mobile wi-fi program. The fund balance in the debt service fund of \$3,486,704 decreased by \$260,195, primarily due to the excess of debt service payments over property tax revenue received.

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. 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 period ended August 31, 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 budgeted revenues were more than actual revenues by \$159,083. Total general fund budgeted expenditures exceeded actual expenditures by \$67,114 with the largest positive variances in instruction and plant maintenance and operations.

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 fiscal year ended August 31, 2020, 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 August 31, 2020, the District had a total of \$15,434,186 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$305,667 invested during the fiscal year ended August 31, 2020.

Major capital asset events during the fiscal year included the following:

- Completion of roof and heating, ventilation, and air conditioning projects \$3,305,219
- 2020 International bus \$99,065
- 2019 GMC truck \$30,904
- 25-ton air handler \$30,000
- Summit lighting system \$24,692

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 \$3,389,000 in general obligation bonds outstanding versus \$4,252,000 last year. The District paid \$863,000 in principal payments during the year.

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2020

COVID-19

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The District suspended in-classroom learning for the remainder of the school year. While changes to operations caused a significant hardship, the overall impact to the financial operations for the 2019-2020 school year as a percentage of the overall budget was nominal.

The areas of school operations most impacted by the pandemic related to the teaching/learning process, technology, child nutrition, building logistics, and return-to-school safety protocols. Essentially, the District was required to pivot overnight to virtual learning for more than 1,300 students and 266 staff, which was a complete paradigm shift for our employees, students, and parents. Related to this was technology for students to do that virtual learning from their home environment. The District had to ascertain which students needed technology and construct an efficient and effective delivery/distribution method, which is how we identified significant gaps in student access to the internet. Because schools across the region, state, and country were dealing with the same issue, our District faced technology shortfalls and backorders of equipment which hindered instruction and required us to use a multipronged approach to teaching and learning. The next major impact related to child nutrition. We continued to feed children breakfast and lunch each day through a curbside meal delivery process at our schools, as well as a bus delivery method into neighborhoods. We re-programmed our meal schedule and menus, ordering processes to ensure an adequate supply of nutritious foods, and safety practices for our staff and families. As we proceeded through the summer months to prepare for a safe reopening of school in the fall, our concerns transitioned into building logistics and safety protocols, which required an extraordinary level of coordination and collaboration both within the District and between the District and our local/state/national agencies and partners. Here we also faced supply shortfalls in personal hygiene and cleaning products such as sanitizing wipes and gloves. We also had to rethink the flow of operations in the schools so as to maximize space and minimize contact. Now in our third month of school operations, student and staff safety remains our top focus as we continually adjust our protocols and practices to keep schools open and students engaged in learning. With more than 99% of our students coming to school in person, student and staff safety remains our top focus as we continually adjust our protocols and practices to keep schools open and students engaged in learning. The District received \$360,000 additional funds, but elected to use those funds for anticipated additional cost in the 2020-2021 school year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2020-2021 school year total \$14,680,952, and the District's Board adopted a Maintenance and Operations tax rate of \$0.9664 and an Interest and Sinking rate of \$0.000 for a combined rate of \$0.9664 per \$100 of 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 Cody Jarrott, CPA, Assistant Superintendent-Finance, at 505 N. Charlton, Woodville, Texas 75979 or by calling (409) 283-3752.

BASIC FINANCIAL STATEMENTS

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - EXHIBIT A-1
August 31, 2020

1

| <u>Data Control Codes</u> | | <u>Governmental Activities</u> |
|-----------------------------------|---|------------------------------------|
| | <u>Assets</u> | |
| 1110 | Cash and cash equivalents | \$ 1,105,266 |
| 1120 | Investments | 7,444,818 |
| 1225 | Property taxes receivables (net) | 1,711,660 |
| 1240 | Due from other governments | 1,280,763 |
| 1290 | Other receivable | 49,236 |
| 1300 | Inventories | 13,600 |
| 1410 | Prepaid items | 251,614 |
| | | <u>11,856,957</u> |
| | Capital assets: | |
| 1510 | Land | 753,477 |
| 1520 | Buildings and improvements, net | 12,449,989 |
| 1530 | Furniture and equipment, net | 1,992,403 |
| 1580 | Construction in progress | 238,317 |
| | | <u>15,434,186</u> |
| 1000 | Total Assets | <u>27,291,143</u> |
| | <u>Deferred Outflows of Resources</u> | |
| 1705 | Deferred outflows - pensions | 2,346,440 |
| 1710 | Deferred outflows - OPEB | 1,607,657 |
| 1700 | Total Deferred Outflows of Resources | <u>3,954,097</u> |
| | <u>Liabilities</u> | |
| 2110 | Accounts payable | 77,319 |
| 2140 | Interest payable | 6,360 |
| 2150 | Payroll deductions payable | 99,174 |
| 2160 | Accrued wages payable | 633,745 |
| 2180 | Due to other governments | 48,756 |
| 2200 | Accrued expenses | 13,060 |
| 2300 | Unearned revenue | 337,678 |
| | | <u>1,216,092</u> |
| | Noncurrent liabilities: | |
| 2501 | Long-term liabilities due within one year | 273,000 |
| 2502 | Long-term liabilities due in more than one year | 3,146,448 |
| 2540 | Net pension liability | 4,704,341 |
| 2550 | Net OPEB liability | 6,584,574 |
| | | <u>14,708,363</u> |
| 2000 | Total Liabilities | <u>15,924,455</u> |
| | <u>Deferred Inflows of Resources</u> | |
| 2605 | Deferred inflows - pensions | 945,573 |
| 2610 | Deferred inflows - OPEB | 2,848,585 |
| 2600 | Total Deferred Inflows of Resources | <u>3,794,158</u> |
| | <u>Net Position</u> | |
| 3200 | Net investment in capital assets | 12,014,738 |
| | Restricted for: | |
| 3820 | Federal and state programs | 245,649 |
| 3850 | Debt service | 3,486,704 |
| 3900 | Unrestricted | (4,220,504) |
| 3000 | Total Net Position | <u>\$ 11,526,587</u> |

See Notes to Financial Statements.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended August 31, 2020

| Data Control Codes | Functions/Programs | 1 Expenses | Program Revenues | | 6 Primary Gov. Governmental Activities | Net (Expense) Revenue and Changes in Net Position |
|--------------------------|--|----------------------|------------------------------|---|---|--|
| | | | 3 Charges for Services | 4 Operating Grants and Contributions | | |
| | Primary Government | | | | | |
| | Governmental Activities | | | | | |
| 11 | Instruction | \$ 9,712,841 | \$ 512,850 | \$ 1,842,931 | \$ (7,357,060) | |
| 12 | Instructional resources | | | | | |
| 12 | and media services | 220,775 | - | 596 | (220,179) | |
| 13 | Curriculum/instructional | | - | | | |
| 13 | staff development | 256,017 | - | 113,008 | (143,009) | |
| 21 | Instructional leadership | 154,015 | 126,223 | 17,048 | (10,744) | |
| 23 | School leadership | 1,105,962 | - | 35,380 | (1,070,582) | |
| 31 | Guidance, counseling, and | | | | | |
| 31 | evaluation services | 936,196 | 113,687 | 410,710 | (411,799) | |
| 33 | Health services | 221,486 | 3,014 | 260,672 | 42,200 | |
| 34 | Student (pupil) transportation | 995,586 | - | 7,409 | (988,177) | |
| 35 | Food services | 1,117,830 | 63,059 | 1,046,528 | (8,243) | |
| 36 | Extracurricular activities | 1,076,455 | 30,463 | 27,161 | (1,018,831) | |
| 41 | General administration | 1,036,247 | 3,897 | 28,658 | (1,003,692) | |
| 51 | Plant maintenance and operations | 1,962,709 | 108,635 | 10,589 | (1,843,485) | |
| 52 | Security and monitoring services | 86,444 | - | - | (86,444) | |
| 53 | Data processing services | 335,877 | - | 5,528 | (330,349) | |
| 61 | Community services | 31,600 | - | - | (31,600) | |
| 72 | Debt service - interest | 81,424 | - | 17,109 | (64,315) | |
| 93 | Payments to shared services arrangements | 328,491 | - | 12,000 | (316,491) | |
| 99 | Other intergovernmental charges | 231,261 | - | - | (231,261) | |
| TG | Total Governmental Activities | <u>19,891,216</u> | <u>961,828</u> | <u>3,835,327</u> | <u>(15,094,061)</u> | |
| TP | Total Primary Government | <u>\$ 19,891,216</u> | <u>\$ 961,828</u> | <u>\$ 3,835,327</u> | <u>(15,094,061)</u> | |
| | General Revenues | | | | | |
| MT | Property taxes, levied for general purposes | | | | 5,669,156 | |
| DT | Property taxes, levied for debt service | | | | 641,594 | |
| GC | Grants and contributions not restricted | | | | | |
| GC | for specific program | | | | 7,415,025 | |
| IE | Investment earnings | | | | 106,836 | |
| MI | Miscellaneous local and intermediate revenue | | | | 164,941 | |
| TR | | | | | | |
| CN | | | | | | |
| | | | | Total General Revenues | <u>13,997,552</u> | |
| | | | | Change in Net Position | <u>(1,096,509)</u> | |
| NB | Beginning net position | | | | 12,623,096 | |
| NE | | | | Ending Net Position | <u>\$ 11,526,587</u> | |

See Notes to Financial Statements.

WOODVILLE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS - EXHIBIT C-1 August 31, 2020

| Data Control Codes | | 10 | 50 | Nonmajor Governmental Funds | 98 Total Governmental Funds |
|---|--|---------------------|---------------------|-----------------------------------|--------------------------------------|
| | General | Debt Service | | | |
| <u>Assets</u> | | | | | |
| 1110 | Cash and cash equivalents | \$ 811,872 | \$ 11,174 | \$ 282,220 | \$ 1,105,266 |
| 1120 | Investments | 3,970,323 | 3,474,495 | - | 7,444,818 |
| 1220 | Taxes receivables | 1,966,695 | 172,880 | - | 2,139,575 |
| 1230 | Allowance for uncollectible taxes | (393,339) | (34,576) | - | (427,915) |
| 1240 | Due from other governments | 575,117 | 1,035 | 704,611 | 1,280,763 |
| 1260 | Due from other funds | 395,366 | - | - | 395,366 |
| 1290 | Other receivable | 480 | - | 48,756 | 49,236 |
| 1300 | Inventories | 13,600 | - | - | 13,600 |
| 1410 | Prepaid items | 166,997 | - | - | 166,997 |
| 1000 | Total Assets | \$ 7,507,111 | \$ 3,625,008 | \$ 1,035,587 | \$ 12,167,706 |
| <u>Liabilities</u> | | | | | |
| 2110 | Accounts payable | \$ 64,273 | \$ - | \$ 13,046 | \$ 77,319 |
| 2150 | Payroll deductions payable | 99,174 | - | - | 99,174 |
| 2160 | Accrued wages payable | 529,239 | - | 104,506 | 633,745 |
| 2170 | Due to other funds | - | - | 395,366 | 395,366 |
| 2180 | Due to other governments | 48,756 | - | - | 48,756 |
| 2200 | Accrued expenditures | 10,877 | - | 2,183 | 13,060 |
| 2300 | Unearned revenue | 63,507 | - | 274,171 | 337,678 |
| 2000 | Total Liabilities | 815,826 | - | 789,272 | 1,605,098 |
| <u>Deferred Inflows of Resources</u> | | | | | |
| 2601 | Unavailable revenue - property taxes | 1,573,356 | 138,304 | - | 1,711,660 |
| | Total Deferred Inflows of | | | | |
| 2600 | Resources | 1,573,356 | 138,304 | - | 1,711,660 |
| <u>Fund Balances</u> | | | | | |
| Nonspendable: | | | | | |
| 3410 | Inventories | 13,600 | - | - | 13,600 |
| 3430 | Prepaid items | 166,997 | - | - | 166,997 |
| Restricted: | | | | | |
| 3450 | Federal/state funds grant restrictions | - | - | 245,649 | 245,649 |
| 3480 | Debt service | - | 3,486,704 | - | 3,486,704 |
| Committed: | | | | | |
| 3510 | Construction | - | - | 666 | 666 |
| 3530 | Capital expenditures | 300,000 | - | - | 300,000 |
| 3545 | Contingency | 500,000 | - | - | 500,000 |
| 3600 | Unassigned | 4,137,332 | - | - | 4,137,332 |
| 3000 | Total Fund Balances | 5,117,929 | 3,486,704 | 246,315 | 8,850,948 |
| 4000 | Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 7,507,111 | \$ 3,625,008 | \$ 1,035,587 | \$ 12,167,706 |

See Notes to Financial Statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
August 31, 2020

Total fund balances for governmental funds \$ 8,850,948

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 | 991,794 | |
| Capital assets - depreciable, net | <u>14,442,392</u> | 15,434,186 |

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

| | | |
|-----------------------------------|---------------|-----------|
| Deferred revenue - property taxes | 1,711,660 | |
| Prepaid expenses | <u>84,617</u> | 1,796,277 |

Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.

| | | |
|--|--------------------|---------------------|
| Accrued interest | (6,360) | |
| Deferred outflows - pensions | 2,346,440 | |
| Deferred inflows - pensions | (945,573) | |
| Net pension liability | (4,704,341) | |
| Deferred outflows - OPEB | 1,607,657 | |
| Deferred inflows - OPEB | (2,848,585) | |
| Net OPEB liability | (6,584,574) | |
| Noncurrent liabilities due in one year | (273,000) | |
| Noncurrent liabilities due in more than one year | <u>(3,146,448)</u> | <u>(14,554,784)</u> |

Net Position of Governmental Activities \$ 11,526,627

See Notes to Financial Statements.

WOODVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - EXHIBIT C-2

For the Year Ended August 31, 2020

| Data Control Codes | | 10 | 50 | | 98 |
|---------------------------|--|---------------------|---------------------|-----------------------------------|--------------------------------|
| | | General | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 5,944,846 | \$ 680,587 | \$ 800,682 | \$ 7,426,115 |
| 5800 | State program revenues | 8,162,103 | 17,109 | 278,898 | 8,458,110 |
| 5900 | Federal program revenues | 248,796 | - | 2,425,205 | 2,674,001 |
| 5020 | Total Revenues | <u>14,355,745</u> | <u>697,696</u> | <u>3,504,785</u> | <u>18,558,226</u> |
| Expenditures | | | | | |
| 0011 | Instruction | 6,803,675 | - | 1,713,383 | 8,517,058 |
| 0012 | Instructional resources and media services | 186,764 | - | - | 186,764 |
| 0013 | Curriculum and instructional staff development | 142,715 | - | 99,978 | 242,693 |
| 0021 | Instructional leadership | 10,558 | - | 139,041 | 149,599 |
| 0023 | School leadership | 1,049,234 | - | 1,014 | 1,050,248 |
| 0031 | Guidance, counseling, and evaluation services | 403,527 | - | 446,773 | 850,300 |
| 0033 | Health services | 199,750 | - | 10,457 | 210,207 |
| 0034 | Student (pupil) transportation | 914,413 | - | - | 914,413 |
| 0035 | Food services | - | - | 957,306 | 957,306 |
| 0036 | Extracurricular activities | 844,168 | - | - | 844,168 |
| 0041 | General administration | 1,008,700 | 40 | 3,957 | 1,012,697 |
| 0051 | Plant maintenance and operations | 1,886,780 | - | 69,121 | 1,955,901 |
| 0052 | Security and monitoring services | 86,444 | - | - | 86,444 |
| 0053 | Data processing services | 324,709 | - | - | 324,709 |
| 0061 | Community services | 31,600 | - | - | 31,600 |
| Debt service: | | | | | |
| 0071 | Principal | - | 863,000 | - | 863,000 |
| 0072 | Interest | - | 93,851 | - | 93,851 |
| 0073 | Bond issuance costs and fees | - | 1,000 | - | 1,000 |
| Capital outlay: | | | | | |
| 0081 | Facilities acquisition and construction | 5,083 | - | 82,658 | 87,741 |
| Intergovernmental: | | | | | |
| 0093 | Payments to shared services arrangements | 316,491 | - | 12,000 | 328,491 |
| 0099 | Other governmental charges | 231,261 | - | - | 231,261 |
| 6030 | Total Expenditures | <u>14,445,872</u> | <u>957,891</u> | <u>3,535,688</u> | <u>18,939,451</u> |
| 1200 | Net Change in Fund Balances | (90,127) | (260,195) | (30,903) | (381,225) |
| 0100 | Beginning fund balances | 5,208,056 | 3,746,899 | 277,218 | 9,232,173 |
| 3000 | Ending Fund Balances | <u>\$ 5,117,929</u> | <u>\$ 3,486,704</u> | <u>\$ 246,315</u> | <u>\$ 8,850,948</u> |

See Notes to Financial Statements.

WOODVILLE
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 August 31, 2020

| | |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ (381,225) |
|--|--------------|

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 | (1,251,098) |
| Capital activity, net | 305,667 |

| | |
|--|---------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 124,352 |
|--|---------|

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 debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

| | |
|--------------------------|---------|
| Principal repayments | 863,000 |
| Accrued interest | 1,699 |
| Amortization of premiums | 11,728 |

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.

| | |
|--|-----------|
| Change in net pension liability | (84,662) |
| Change in deferred outflows - pensions | (45,273) |
| Change in deferred inflows - pensions | (474,435) |
| Change in net OPEB liability | (144,685) |
| Change in deferred outflows - OPEB | 790,600 |
| Change in deferred inflows - OPEB | (812,137) |

| | |
|--|-----------------------|
| Change in Net Position of Governmental Activities | \$ (1,096,509) |
|--|-----------------------|

See Notes to Financial Statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-1
August 31, 2020

| <u>Data Control Codes</u> | | | 810 | 865 |
|-----------------------------------|---------------------------|---|------------------------------------|---------------------|
| | | | Private - Purpose Trust Fund | Agency Fund |
| | | | Scholarships | Student Activity |
| | <u>Assets</u> | | | |
| 1110 | Cash and cash equivalents | | \$ 15,771 | \$ 123,346 |
| | | Total Assets | <u>15,771</u> | <u>123,346</u> |
| | <u>Liabilities</u> | | | |
| 2190 | Due to student groups | | - | 123,346 |
| | | Total Liabilities | <u>-</u> | <u>\$ 123,346</u> |
| | <u>Net Position</u> | | | |
| 3800 | Held in trust | | 15,771 | |
| 3000 | | Total Liabilities and Net Position | <u>\$ 15,771</u> | |

See Notes to Financial Statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-2
For the Year Ended August 31, 2020

| Data Control Codes | | | Private - Purpose Trust Fund Scholarships |
|-----------------------------------|--------------------------------|--|--|
| | <u>Additions</u> | | |
| 5700 | Local and intermediate sources | | \$ 19,907 |
| | Total Additions | | <u>19,907</u> |
| | <u>Deductions</u> | | |
| 0036 | Scholarship awards | | <u>20,550</u> |
| | Total Deductions | | <u>20,550</u> |
| | Changes in Net Position | | (643) |
| 0100 | Beginning net position | | 16,414 |
| 3000 | Ending Net Position | | <u><u>\$ 15,771</u></u> |

See Notes to Financial Statements.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended August 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Woodville 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 (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of the 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 GAAP, 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.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District’s financial reporting entity are based on criteria prescribed by GAAP. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the District’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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.

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. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

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. 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 and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental 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 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 outlay, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered nonmajor 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. 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. The special revenue funds are considered nonmajor for reporting purposes.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

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 these 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.

Private-Purpose Trust Funds

The private-purpose trust funds are custodial in nature and do not present results of operations or have a measurement focus. Trust funds are accounted for using the accrual basis of accounting. This fund is used to account for the District's scholarship funds held in trust for students.

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.

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.

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 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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

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, grant revenue, 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.

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
- Statewide investment pools and commercial paper

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method).

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. 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 District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 District are depreciated using the straight-line method over the following estimated useful years:

| <u>Asset Description</u> | <u>Estimated Useful Life</u> |
|--|----------------------------------|
| Buildings and improvements | 40 years |
| Building improvements (including infrastructure) | 20 years |
| Vehicles | 12 years |
| Furniture, fixtures, and equipment | 5 years |

5. 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.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

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.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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 are 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.

7. 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 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.

8. 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

9. 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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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.

10. Estimates

The preparation of financial statements, in conformity with GAAP, 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.

11. Data Control Codes

The data control codes refer to the account code structure prescribed by the 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 ensure accuracy in building a statewide database for policy development and funding plans.

12. 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,

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

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.

13. Other Postemployment Benefits

The fiduciary net position of the TRS Texas Public School Retired Employees Group Insurance Program ("TRS-Care") 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.

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. Supplemental budget appropriations were made for the year.

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.

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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There was a material change related to the new tax maintenance note between the original budget and the final amended budget.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2020, the District had the following investments:

| <u>Investments</u> | <u>Amount</u> | <u>Weighted Average Maturity (Years)</u> |
|-------------------------------------|----------------------------|--|
| Texpool | \$ 4,992,256 | 0.09 |
| Lone Star | 2,452,562 | 0.07 |
| Total Investments | <u><u>\$ 7,444,818</u></u> | |
| Portfolio weighted average maturity | | 0.08 |

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The District's policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/'P1' as provided by two of the top nationally recognized rating agencies. As of August 31, 2020, the District's investment in Lone Star was rated 'AAA' and Texpool was rated 'AAAm' by Standard & Poor's.

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 August 31, 2020, demand deposit accounts and certificates of deposit were entirely 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 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 in the event of the failure of the counterparty. The District's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

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

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

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 Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards, with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and nonmembers. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight, Corporate Overnight, and Corporate Overnight Plus maintain a net asset value of \$1.00.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

B. Capital Assets

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

| | Beginning Balances | Increases | (Decreases) | Ending Balances |
|--|-------------------------------|---------------------|---|----------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 753,477 | \$ - | \$ - | \$ 753,477 |
| Construction in progress | 3,449,241 | 11,637 | (3,222,561) | 238,317 |
| Total Capital Assets Not Being Depreciated | <u>4,202,718</u> | <u>11,637</u> | <u>(3,222,561)</u> | <u>991,794</u> |
| Other capital assets: | | | | |
| Buildings and improvements | 26,103,429 | 3,305,219 | - | 29,408,648 |
| Furniture and equipment | 6,865,638 | 211,372 | (38,781) | 7,038,229 |
| Total Other Capital Assets | <u>32,969,067</u> | <u>3,516,591</u> | <u>(38,781)</u> | <u>36,446,877</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (16,204,080) | (754,579) | - | (16,958,659) |
| Furniture and equipment | (4,588,088) | (496,519) | 38,781 | (5,045,826) |
| Total Accumulated Depreciation | <u>(20,792,168)</u> | <u>(1,251,098)</u> | <u>38,781</u> | <u>(22,004,485)</u> |
| Other capital assets, net | <u>12,176,899</u> | <u>2,265,493</u> | <u>-</u> | <u>14,442,392</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 16,379,617</u> | <u>\$ 2,277,130</u> | <u>\$ (3,222,561)</u> | <u>15,434,186</u> |
| | | | Less associated debt | <u>(3,419,448)</u> |
| | | | Net Investment in Capital Assets | <u>\$ 12,014,738</u> |

Depreciation was charged to governmental functions as follows:

| | Governmental Activities |
|--|------------------------------------|
| 11 Instruction | \$ 598,379 |
| 12 Instructional resources and media services | 33,243 |
| 23 School leadership | 19,946 |
| 31 Guidance, counseling, and evaluation services | 6,649 |
| 33 Health services | 6,649 |
| 34 Student transportation | 172,145 |
| 35 Food services | 89,476 |
| 36 Extracurricular activities | 204,314 |
| 51 Plant maintenance and operations | 105,901 |
| 53 Data processing services | 14,396 |
| Total Depreciation Expense | <u>\$ 1,251,098</u> |

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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: | Interest Rate | Beginning Balance | Additions | (Reductions) | Ending Balance | Amounts Due Within One Year |
|--|---------------|----------------------|-------------------|---------------------|----------------------|-----------------------------|
| Bonds payable: | | | | | | |
| 2010 Refunding Bond | 2.0 - 4.0% | \$ 600,000 | \$ - | \$ (600,000) | \$ - | \$ - |
| 2013 CO Bond - QZAB | 0.25% | 1,442,000 | - | (143,000) | 1,299,000 | 143,000 |
| Notes payable: | | | | | | |
| 2018 Tax maintenance note | 3.0 - 6.0% | 2,210,000 | - | (120,000) | 2,090,000 | 130,000 |
| | | <u>4,252,000</u> | <u>-</u> | <u>(863,000)</u> | <u>3,389,000</u> | <u>* 273,000</u> |
| Other liabilities: | | | | | | |
| Unamortized premium | | 42,176 | - | (11,728) | 30,448 | * - |
| Net pension liability | | 4,619,679 | 84,662 | - | 4,704,341 | - |
| Net OPEB liability | | <u>6,439,889</u> | <u>144,685</u> | <u>-</u> | <u>6,584,574</u> | <u>-</u> |
| Total Governmental Activities | | <u>\$ 15,353,744</u> | <u>\$ 229,347</u> | <u>\$ (874,728)</u> | <u>\$ 14,708,363</u> | <u>\$ 273,000</u> |
| Long-term liabilities due in more than one year | | | | | <u>\$ 14,435,363</u> | |
| *Debt associated with capital assets | | | | | <u>\$ 3,419,448</u> | |

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.

The annual requirements to amortize debt issues outstanding for bonds payable at year end were as follows:

| Year Ended Aug 31 | Bonds Payable | | |
|----------------------|---------------------|------------------|---------------------|
| | Principal | Interest | Total Requirements |
| 2021 | \$ 143,000 | 3,248 | \$ 146,248 |
| 2022 | 143,000 | 2,890 | 145,890 |
| 2023 | 144,000 | 2,532 | 146,532 |
| 2024 | 144,000 | 2,173 | 146,173 |
| 2025 | 144,000 | 1,812 | 145,812 |
| 2026-2029 | <u>581,000</u> | <u>3,635</u> | <u>584,635</u> |
| Total | <u>\$ 1,299,000</u> | <u>\$ 16,290</u> | <u>\$ 1,315,290</u> |

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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

The annual requirements to amortize debt issues outstanding for notes payable at year end were as follows:

| Year Ended Aug 31 | Notes Payable | | Total |
|----------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | Requirements |
| 2021 | \$ 130,000 | \$ 70,744 | \$ 200,744 |
| 2022 | 135,000 | 64,144 | 199,144 |
| 2023 | 140,000 | 58,644 | 198,644 |
| 2024 | 145,000 | 53,669 | 198,669 |
| 2025 | 150,000 | 49,244 | 199,244 |
| 2026-2030 | 825,000 | 173,003 | 998,003 |
| 2031-2033 | 565,000 | 32,118 | 597,118 |
| Total | \$ 2,090,000 | \$ 501,566 | \$ 2,591,566 |

D. Commitments Under Noncapitalized Leases

The District has various operating lease agreements for copiers 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. Rental expenditures recognized by the District for the fiscal year are as follow:

Rental Expenditures in 2020 \$ 103,124

E. Interfund Transactions

The following is a summary of the District's interfund transactions for the year:

| Due to | Due from | Amount |
|--------------|--------------------------|-------------------|
| General fund | Other governmental funds | \$ 395,366 |
| | Total | \$ 395,366 |

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

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

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

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. Although the District does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

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 the 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. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas 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 the 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension 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' 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

| Contribution Rates | | | |
|--------------------|-------|------------------|----------|
| Fiscal Year | State | Public Education | Active |
| | | Employer* | 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 irrespective of participation in Social Security.

| | Contribution Rates | |
|--------------|--------------------|-------|
| | 2019 | 2020 |
| Member | 7.70% | 7.70% |
| NECE (State) | 6.80% | 7.50% |
| Employers | 6.80% | 6.80% |

| | Measurement | Fiscal |
|------------------------------|-------------|-------------|
| | Year (2019) | Year (2020) |
| Employer contributions | \$ 316,752 | \$ 359,390 |
| Member contributions | \$ 745,907 | \$ 799,233 |
| NECE on-behalf contributions | \$ 475,471 | \$ 592,323 |

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 school, junior college, 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, from noneducational, and general or local funds.

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

- 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/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index." |
| Last year ending August 31 in projection period (100 years) | 2116 |
| Inflation | 2.30% |
| Salary increases including inflation | 3.05% to 9.05% |
| Ad hoc postemployment 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.

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INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

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' 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.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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' target asset allocation as of August 31, 2019 are summarized below:

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

| Asset Class | 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, and Infrastructure | 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) |
| Leverage | | | |
| Cash | 1.0% | 2.0% | 2.5% |
| Asset Allocation Leverage | 0.0% | -6.0% | 2.7% |
| Expected Return | 100.0% | 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 expectation corresponds to Risk Parity with a 10% (12%) target volatility.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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%) | Current Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
|---|--|-------------------------------------|--|
| District's proportionate share of the net pension liability | \$ 7,231,255 | \$ 4,704,341 | \$ 2,657,052 |

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

At August 31, 2020, the District reported a liability of \$4,704,341 for its proportionate share of the TRS's NPL. This liability reflects a reduction for State pension support provided to the District. The amount 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 liability | \$ 4,704,341 |
| State's proportionate share that is associated with the District | 7,044,386 |
| Total | \$ 11,748,727 |

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 0.0090497%, which was an increase of 0.0006568% 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 \$1,106,574 and revenue of \$1,106,574 for support provided by the State.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual economic experience | \$ 19,762 | \$ 163,342 |
| Changes in actuarial assumptions | 1,459,517 | 603,142 |
| Difference between projected and actual investment earnings | 47,237 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 460,534 | 179,089 |
| Contributions paid to TRS subsequent to the measurement date | 359,390 | - |
| Total | \$ 2,346,440 | \$ 945,573 |

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 August 31 | Pension Expense |
|---------------------------------|----------------------------|
| 2021 | \$ 271,386 |
| 2022 | 215,042 |
| 2023 | 251,331 |
| 2024 | 240,308 |
| 2025 | 92,576 |
| Thereafter | (29,166) |
| Total | \$ 1,041,477 |

D. Defined Other Postemployment Benefit Plan

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 the 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 the TRS-Care's fiduciary net position is available in the separately issued TRS Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at 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.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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 or 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

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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) |
|------------------------------|----------------------------|-----------------------|
| Employer contributions | \$ 89,042 | \$ 115,748 |
| Member contributions | \$ 31,483 | \$ 33,734 |
| NECE on-behalf contributions | \$ 131,299 | \$ 129,746 |

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 employers hire a TRS retiree, they 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 | 5. General Inflation |
| 2. Rates of Retirement | 6. Wage Inflation |
| 3. Rates of Termination | 7. Expected Payroll Growth |
| 4. Rates of Disability Incidence | |

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale.

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.

Additional actuarial methods and assumptions are as follows:

| | |
|--|--|
| Valuation date | August 31, 2018 rolled forward to August 31, 2019 |
| Actuarial cost method | Individual entry age normal |
| Inflation | 2.30% |
| Single discount rate | 2.63% as of August 31, 2019 |
| Aging factors | Based on plan specific experience |
| Election rates | Normal retirement: 65% participation prior to age 65 and 50% 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 post-employment 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.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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 one percent less than and one percent greater than the discount rate that was used in measuring the net OPEB liability:

| | 1% Decrease (1.63%) | Current Discount Rate (2.63%) | 1% Increase (3.63%) |
|--|------------------------------------|--|------------------------------------|
| District's proportionate share of the net OPEB liability | \$ 7,949,693 | \$ 6,584,574 | \$ 5,516,639 |

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 one percent less than or one percent higher than the assumed healthcare cost trend rate:

| | 1% Decrease in Healthcare Cost Trend Rate | Current Healthcare Cost Trend Rate | Increase in Healthcare Cost Trend Rate |
|--|--|---|---|
| District's proportionate share of the net OPEB liability | \$ 5,371,464 | \$ 6,584,574 | \$ 8,209,583 |

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

At August 31, 2020, the District reported a liability of \$6,584,574 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 | \$ 6,584,574 |
| State's proportionate share that is associated with the District | 8,749,425 |
| Total | \$ 15,333,999 |

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 August 31, 2020, the District's proportion of the collective net OPEB liability was 0.0139235% compared to 0.0128976% as of August 31, 2019.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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 August 31, 2020, the District recognized OPEB expense of \$230,599 and revenue of \$230,599 for support provided by the State.

At August 31, 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 |
|--|---|--|
| Difference between expected and actual economic experience | \$ 323,029 | \$ 1,077,496 |
| Changes in actuarial assumptions | 365,722 | 1,771,089 |
| Difference between projected and actual investment earnings | 710 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 802,448 | - |
| Contributions paid to TRS subsequent to the measurement date | 115,748 | - |
| Total | \$ 1,607,657 | \$ 2,848,585 |

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

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

| Year Ended August 31 | OPEB Expense |
|-------------------------|-----------------------|
| 2021 | \$ (259,297) |
| 2022 | (259,297) |
| 2023 | (259,527) |
| 2024 | (259,659) |
| 2025 | (259,626) |
| Thereafter | (59,270) |
| Total | \$ (1,356,676) |

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 years ended August 31, 2020, 2019, and 2018, the subsidiary payments received by TRS-Care on behalf of the District were \$48,636, \$36,136, and \$30,385, respectively.

E. Employee Health Care Coverage

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$275 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 August 31, 2020, the District met its workers' compensation obligations through participation in the Deep East Texas Self-Insurance Fund (the "Fund"), a public entity risk pool, which is self-sustained through member contributions. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000. The Fund contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves. The members of the Fund have no known premium liabilities for workers' compensation coverage in excess of their contracted annual premium. However, if the assets of the Fund were to be exhausted, members would be liable for their portion of the Fund's liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their political entity. Independent auditors conduct a financial audit at the close of each plan year and, as of the most recent audit, the Fund has adequate assets to more than cover 100% of all liabilities.

G. Unemployment Compensation

During the year ended August 31, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

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 August 31, 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 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.

H. Auto, Liability, and Property Program

During the year ended August 31, 2020, the District participated in the following TASB Risk Management Fund (the "Fund") programs:

- Auto Liability
- Auto Physical Damage
- Privacy and Information Security
- Property
- School Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the auto, liability, and property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2020, the Fund anticipates that the District has no additional liability beyond the 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 approved 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 State Board of Insurance in Austin.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

I. Shared Services Arrangements

The District is the fiscal agent for two shared services arrangements (SSA) which provide services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent.

According to guidance provided in the TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in special revenue funds and will be accounted for using Model 3 in the SSA section of the Resource Guide.

Expenditures of the SSA are summarized below:

| <u>Member Districts</u> | <u>Tyler County Special Ed Co-Op</u> | <u>Carl Perkins Co-Op</u> | <u>IDEA-B</u> | <u>IDEA-B Preschool</u> |
|-------------------------|--|-------------------------------|-------------------|-----------------------------|
| Chester ISD | \$ 74,000 | \$ 2,228 | \$ 27,040 | \$ 961 |
| Colmesneil ISD | 115,793 | - | 63,094 | 2,243 |
| Spurger ISD | 103,701 | 1,345 | 90,134 | 3,204 |
| Warren ISD | 167,299 | 8,669 | 207,308 | 7,368 |
| Woodville ISD | 316,957 | 6,350 | 513,764 | 18,261 |
| Zavalla ISD | - | 3,600 | - | - |
| Kountze ISD | - | 12,000 | - | - |
| Total | <u>\$ 777,750</u> | <u>\$ 34,192</u> | <u>\$ 901,340</u> | <u>\$ 32,037</u> |

J. Tax Abatements

The District has entered into a property tax abatement agreement (the "Agreement") with Texas Pellets, Inc., (the "Company") for a limitation on appraised value of property for District maintenance and operation (M&O) taxes pursuant to Chapter 313 of the Texas Tax Code, the Texas Economic Development Act (the "Act") as of September 17, 2012.

Under the Act, a taxpayer agrees to build or install property and create jobs in exchange for a 10-year limitation on the taxable property value for school district M&O tax purposes. The minimum limitation value varies by school district.

The Agreement was for the Company to invest capital of \$175,199,083 on a long-term basis for a value limitation of \$10,000,000. For fiscal year 2019, which is year five of the Agreement, terms included the M&O tax rate of \$0.970 and the interest and sinking fund tax rate of \$0.115 for a total tax rate of \$1.085 per \$100, with property valued at \$60,211,917 without considering the limit and \$10,000,000 with the limit. When calculated, the District forgoes collecting \$544,799 in tax revenue; however, that will be offset by the increase in state funding through the foundation school program funding formula.

The Agreement provides for recapture along with penalty and interest costs in the event of a material breach.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2020

K. Subsequent Event

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into 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 its 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 its 2020-2021 school year starting on the regularly scheduled date with in-classroom learning, but providing parents and guardians the option for virtual learning on a semester-by-semester basis. Approximately 14% of students elected virtual learning. The District has made numerous changes to its operations, including provisions for students and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant 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, but the District is ready to modify its plans if necessary. The District will continue to seek out additional funding to cover the increased costs in responding to the pandemic. In November 2020, the District ended virtual learning.

REQUIRED SUPPLEMENTARY INFORMATION

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1
For the Year Ended August 31, 2020

| Data Control Codes | | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------|---|------------------|--------------|--------------|-------------------------------|
| | | Original | Final | | Positive (Negative) |
| | Revenues | | | | |
| 5700 | Local and intermediate sources | \$ 5,781,466 | \$ 6,040,211 | \$ 5,944,846 | \$ (95,365) |
| 5800 | State program revenues | 8,116,617 | 8,213,617 | 8,162,103 | (51,514) |
| 5900 | Federal program revenues | 218,000 | 261,000 | 248,796 | (12,204) |
| 5020 | Total Revenues | 14,116,083 | 14,514,828 | 14,355,745 | (159,083) |
| | Expenditures | | | | |
| 0011 | Instruction | 7,056,531 | 6,822,995 | 6,803,675 | 19,320 |
| 0012 | Instructional resources and media services | 184,655 | 186,880 | 186,764 | 116 |
| 0013 | Curriculum/instructional staff development | 98,002 | 142,874 | 142,715 | 159 |
| 0021 | Instructional leadership | 7,225 | 11,475 | 10,558 | 917 |
| 0023 | School leadership | 962,842 | 1,050,342 | 1,049,234 | 1,108 |
| 0031 | Guidance, counseling, and evaluation services | 400,408 | 404,133 | 403,527 | 606 |
| 0033 | Health services | 154,579 | 201,579 | 199,750 | 1,829 |
| 0034 | Student (pupil) transportation | 949,027 | 915,153 | 914,413 | 740 |
| 0036 | Extracurricular activities | 637,797 | 845,335 | 844,168 | 1,167 |
| 0041 | General administration | 828,707 | 1,010,207 | 1,008,700 | 1,507 |
| 0051 | Plant maintenance and operations | 1,815,123 | 1,922,123 | 1,886,780 | 35,343 |
| 0052 | Security and monitoring services | 72,060 | 87,260 | 86,444 | 816 |
| 0053 | Data processing services | 376,880 | 326,920 | 324,709 | 2,211 |
| 0061 | Community services | 34,550 | 31,650 | 31,600 | 50 |
| | Capital outlay: | | | | |
| 0081 | Facilities acquisition and construction | 45,000 | 5,810 | 5,083 | 727 |
| | Intergovernmental: | | | | |
| 0093 | Payments to shared services arrangements | 211,000 | 316,750 | 316,491 | 259 |
| 0099 | Other governmental charges | 243,000 | 231,500 | 231,261 | 239 |
| 6030 | Total Expenditures | 14,077,386 | 14,512,986 | 14,445,872 | 67,114 |
| 1200 | Net Change in Fund Balance | 38,697 | 1,842 | (90,127) | (91,969) |
| 0100 | Beginning fund balance | 5,208,056 | 5,208,056 | 5,208,056 | - |
| 3000 | Ending Fund Balance | \$ 5,246,753 | \$ 5,209,898 | \$ 5,117,929 | \$ (91,969) |

Notes to Required Supplementary Information:

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

WOODVILLE
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 August 31, 2020

| | Measurement Year* | | | |
|--|----------------------|----------------------|---------------------|---------------------|
| | 2019 | 2018 | 2017 | 2016 |
| District's proportion of the net pension liability (asset) | 0.0090497% | 0.0083929% | 0.0090845% | 0.0091265% |
| District's proportionate share of the net pension liability (asset) | \$ 4,704,341 | \$ 4,619,679 | \$ 2,904,735 | \$ 3,448,769 |
| State's proportionate share of the net pension liability (asset) associated with the District | 7,044,386 | 7,710,973 | 4,849,493 | 6,080,852 |
| Total | <u>\$ 11,748,727</u> | <u>\$ 12,330,652</u> | <u>\$ 7,754,228</u> | <u>\$ 9,529,621</u> |
| District's covered payroll** | \$ 9,687,108 | \$ 9,335,725 | \$ 9,711,159 | \$ 9,780,055 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 48.56% | 49.48% | 29.91% | 35.26% |
| 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.

** As of the measurement date.

Notes to Required Supplementary Information:

Changes in Assumptions: There were changes in assumptions that affected measurement of the total pension liability (TPL) during the measurement period.

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

With the enactment of SB3 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 7.250% 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 |
| 0.0095176% | 0.0061929% |
| \$ 3,364,345 | \$ 1,654,209 |
| 6,026,371 | 5,296,143 |
| <u>\$ 9,390,716</u> | <u>\$ 6,950,352</u> |
| \$ 9,618,280 | \$ 9,571,165 |
| 34.98% | 17.28% |
| 78.43% | 83.25% |

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3
For the Year Ended August 31, 2020

| | Fiscal Year* | | | |
|--|---------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 |
| Contractually required contribution | \$ 359,390 | \$ 315,609 | \$ 282,437 | \$ 297,737 |
| Contributions in relations to the contractually required contribution | 359,390 | 315,609 | 282,437 | 297,737 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 10,379,646 | \$ 9,687,108 | \$ 9,335,725 | \$ 9,711,159 |
| Contributions as a percentage of covered payroll | 3.46% | 3.26% | 3.03% | 3.07% |

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

| Fiscal Year* | |
|---------------------|--------------|
| 2016 | 2015 |
| \$ 289,971 | \$ 281,820 |
| 289,971 | 281,820 |
| \$ - | \$ - |
| \$ 9,780,055 | \$ 9,618,280 |
| 2.96% | 2.93% |

WOODVILLE
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 August 31, 2020

| | Measurement Year* | | |
|--|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2017 |
| District's proportion of the collective net OPEB liability (asset) | 0.0139235% | 0.0128976% | 0.0124083% |
| District's proportionate share of the collective net OPEB liability (asset) | \$ 6,584,574 | \$ 6,439,889 | \$ 5,395,913 |
| State's proportionate share of the collective net OPEB liability (asset) associated with the District | 8,749,425 | 7,473,971 | 7,154,923 |
| Total | <u>\$ 15,333,999</u> | <u>\$ 13,913,860</u> | <u>\$ 12,550,836</u> |
| District's covered payroll** | \$ 9,687,108 | \$ 9,335,725 | \$ 9,711,159 |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 67.97% | 68.98% | 55.56% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.66% | 1.57% | 0.91% |

* Only three years' 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-Care'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.

WOODVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-Care)- EXHIBIT G-5

For the Year Ended August 31, 2020

| | Fiscal Year* | | |
|---|---------------|--------------|--------------|
| | 2020 | 2019 | 2018 |
| Statutorily required contributions | \$ 115,748 | \$ 98,562 | \$ 89,042 |
| Contributions in relations to the statutorily required contributions | 115,748 | 98,562 | 89,042 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 10,379,646 | \$ 9,687,108 | \$ 9,335,725 |
| Contributions as a percentage of covered payroll | 1.12% | 1.02% | 0.95% |

* Only three years' of information is currently available.

***OTHER SUPPLEMENTARY
INFORMATION***

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 2)
August 31, 2020

| Data Control Codes | | Special Revenue Funds | | | |
|--------------------------|--|-----------------------------------|---|--|-------------------------|
| | | 211 | 240 | 255 | 270 |
| | | Part A Improving Basic Prog | National School Breakfast and Lunch Program | ESEA Title II Part A Training | Rural and Low Income |
| | Assets | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ 242,053 | \$ - | \$ - |
| 1240 | Due from other governments | 61,815 | 31,695 | 27,326 | 3,382 |
| 1290 | Other receivables | - | - | - | - |
| 1000 | Total Assets | <u>\$ 61,815</u> | <u>\$ 273,748</u> | <u>\$ 27,326</u> | <u>\$ 3,382</u> |
| | Liabilities | | | | |
| 2110 | Accounts payable | \$ - | \$ 49 | \$ - | \$ - |
| 2160 | Accrued wages payable | - | 27,466 | - | - |
| 2170 | Due to other funds | 61,815 | - | 27,326 | 3,382 |
| 2200 | Accrued expenditures | - | 584 | - | - |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>61,815</u> | <u>28,099</u> | <u>27,326</u> | <u>3,382</u> |
| | Fund Balances | | | | |
| | Restricted: | | | | |
| 3450 | Federal/state fund grant restrictions | - | 245,649 | - | - |
| | Committed: | | | | |
| 3510 | Construction | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>245,649</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 61,815</u> | <u>\$ 273,748</u> | <u>\$ 27,326</u> | <u>\$ 3,382</u> |

| Special Revenue Funds | | | | | |
|---------------------------------|-------------------|---------------------|------------------|-------------------|------------------|
| 289 | 313 | 314 | 331 | 410 | 429 |
| Teacher Incentive Program | IDEA B | IDEA B Preschool | Carl Perkins | Textbook | Pre-K Grant |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 244,113 | 9,444 | 18,592 | 242,286 | 36,075 |
| - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ 244,113</u> | <u>\$ 9,444</u> | <u>\$ 18,592</u> | <u>\$ 242,286</u> | <u>\$ 36,075</u> |
| | | | | | |
| \$ - | \$ 2,100 | \$ - | \$ 10,897 | \$ - | \$ - |
| - | - | - | - | - | - |
| - | 242,013 | 9,444 | 7,695 | 7,616 | 36,075 |
| - | - | - | - | - | - |
| - | - | - | - | 234,670 | - |
| <u>-</u> | <u>244,113</u> | <u>9,444</u> | <u>18,592</u> | <u>242,286</u> | <u>36,075</u> |
| | | | | | |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ 244,113</u> | <u>\$ 9,444</u> | <u>\$ 18,592</u> | <u>\$ 242,286</u> | <u>\$ 36,075</u> |

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 2)
August 31, 2020

| Data Control Codes | | Special Revenue Funds | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--------------------------|--|-----------------------|------------------|-----------------------------|--|
| | | 437 | 459 | 617 | |
| | | Special Education | Resnet | HS Roof | |
| | <u>Assets</u> | | | | |
| 1110 | Cash and cash equivalents | \$ - | \$ 39,501 | \$ 666 | \$ 282,220 |
| 1240 | Due from other governments | 29,883 | - | - | 704,611 |
| 1290 | Other receivables | 48,756 | - | - | 48,756 |
| 1000 | Total Assets | \$ 78,639 | \$ 39,501 | \$ 666 | \$ 1,035,587 |
| | <u>Liabilities</u> | | | | |
| 2110 | Accounts payable | \$ - | \$ - | \$ - | \$ 13,046 |
| 2160 | Accrued wages payable | 77,040 | - | - | 104,506 |
| 2170 | Due to other funds | - | - | - | 395,366 |
| 2200 | Accrued expenditures | 1,599 | - | - | 2,183 |
| 2300 | Unearned revenue | - | 39,501 | - | 274,171 |
| 2000 | Total Liabilities | 78,639 | 39,501 | - | 789,272 |
| | <u>Fund Balances</u> | | | | |
| | Restricted: | | | | |
| 3450 | Federal/state fund grant restrictions | - | - | - | 245,649 |
| | Committed: | | | | |
| 3510 | Construction | - | - | 666 | 666 |
| 3000 | Total Fund Balances | - | - | 666 | 246,315 |
| 4000 | Total Liabilities and Fund Balances | \$ 78,639 | \$ 39,501 | \$ 666 | \$ 1,035,587 |

WOODVILLE
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 August 31, 2020

| Data Control Codes | | Special Revenue Funds | | | |
|--------------------------|---|-----------------------------------|---|--|-------------------------|
| | | 211 | 240 | 255 | 270 |
| | | Part A Improving Basic Prog | National School Breakfast and Lunch Program | ESEA Title II Part A Training | Rural and Low Income |
| | Revenues | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ - | \$ 63,059 | \$ - | \$ - |
| 5800 | State program revenues | - | 58,078 | - | - |
| 5900 | Federal program revenues | 449,564 | 910,662 | 57,905 | 24,922 |
| 5020 | Total Revenues | 449,564 | 1,031,799 | 57,905 | 24,922 |
| | Expenditures | | | | |
| | Current: | | | | |
| 0011 | Instruction | 320,770 | - | 56,891 | 24,922 |
| 0013 | Curriculum and staff development | 55,050 | - | - | - |
| 0021 | Instructional leadership | - | - | - | - |
| 0023 | School leadership | - | - | 1,014 | - |
| 0031 | Guidance, counseling, and | | | | |
| 0031 | evaluation services | 73,744 | - | - | - |
| 0033 | Health services | - | - | - | - |
| 0035 | Food services | - | 957,306 | - | - |
| 0041 | General administration | - | - | - | - |
| 0051 | Plant maintenance and operations | - | - | - | - |
| | Capital outlay: | | | | |
| 0081 | Facilities acquisition and construction | - | - | - | - |
| | Intergovernmental: | | | | |
| 0093 | Shared services arrangements | - | - | - | - |
| 6030 | Total Expenditures | 449,564 | 957,306 | 57,905 | 24,922 |
| 1200 | Net Change in Fund Balances | - | 74,493 | - | - |
| 0100 | Beginning fund balances | - | 171,156 | - | - |
| 3000 | Ending Fund Balances | \$ - | \$ 245,649 | \$ - | \$ - |

| Special Revenue Funds | | | | | |
|---------------------------------|---------|---------------------|-----------------|----------|----------------|
| 289 | 313 | 314 | 331 | 410 | 429 |
| Teacher Incentive Program | IDEA B | IDEA B Preschool | Carl Perkins | Textbook | Pre-K Grant |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 113,524 | 49,251 |
| 14,583 | 901,340 | 32,037 | 34,192 | - | - |
| 14,583 | 901,340 | 32,037 | 34,192 | 113,524 | 49,251 |
| 14,583 | 647,674 | 32,037 | 22,192 | 113,524 | 8,062 |
| - | 3,739 | - | - | - | 41,189 |
| - | 3,675 | - | - | - | - |
| - | - | - | - | - | - |
| - | 238,809 | - | - | - | - |
| - | 7,443 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 12,000 | - | - |
| 14,583 | 901,340 | 32,037 | 34,192 | 113,524 | 49,251 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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WOODVILLE
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 August 31, 2020

| Data Control Codes | | Special Revenue Funds | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--------------------------|---|-----------------------|---------------|-----------------------------|--|
| | | 437 | 459 | 617 | |
| | | Special Education | Resnet | HS Roof | |
| | Revenues | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 735,609 | \$ - | \$ 2,014 | \$ 800,682 |
| 5800 | State program revenues | 42,141 | 15,904 | - | 278,898 |
| 5900 | Federal program revenues | - | - | - | 2,425,205 |
| 5020 | Total Revenues | <u>777,750</u> | <u>15,904</u> | <u>2,014</u> | <u>3,504,785</u> |
| | Expenditures | | | | |
| | Current: | | | | |
| 0011 | Instruction | 469,797 | 2,931 | - | 1,713,383 |
| 0013 | Curriculum and staff development | - | - | - | 99,978 |
| 0021 | Instructional leadership | 135,366 | - | - | 139,041 |
| 0023 | School leadership | - | - | - | 1,014 |
| 0031 | Guidance, counseling, and | | | | |
| 0031 | evaluation services | 121,247 | 12,973 | - | 446,773 |
| 0033 | Health services | 3,014 | - | - | 10,457 |
| 0035 | Food services | - | - | - | 957,306 |
| 0041 | General administration | 3,897 | - | 60 | 3,957 |
| 0051 | Plant maintenance and operations | 44,429 | - | 24,692 | 69,121 |
| | Capital outlay: | | | | |
| 0081 | Facilities acquisition and construction | - | - | 82,658 | 82,658 |
| | Intergovernmental: | | | | |
| 0093 | Shared services arrangements | - | - | - | 12,000 |
| 6030 | Total Expenditures | <u>777,750</u> | <u>15,904</u> | <u>107,410</u> | <u>3,535,688</u> |
| 1200 | Net Change in Fund Balances | - | - | (105,396) | (30,903) |
| 0100 | Beginning fund balances | - | - | 106,062 | 277,218 |
| 3000 | Ending Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 666</u> | <u>\$ 246,315</u> |

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended August 31, 2020

| | 1 | 2 | 3 |
|-----------------------|--------------------|---------------------|--|
| | Tax Rates | | Net Assessed/ Appraised Value For School Tax Purposes |
| <u>Last Ten Years</u> | <u>Maintenance</u> | <u>Debt Service</u> | |
| 2010 and prior | Various | Various | Various |
| 2012 | \$ 1.0400 | \$ 0.0800 | \$ 820,620,892 |
| 2013 | \$ 1.0400 | \$ 0.0600 | \$ 857,271,100 |
| 2014 | \$ 1.0400 | \$ 0.0650 | \$ 762,595,475 |
| 2015 | \$ 1.0400 | \$ 0.0750 | \$ 846,465,112 |
| 2016 | \$ 1.0400 | \$ 0.0850 | \$ 766,888,700 |
| 2017 | \$ 1.0400 | \$ 0.1050 | \$ 530,985,590 |
| 2018 | \$ 1.0400 | \$ 0.1150 | \$ 573,064,838 |
| 2019 | \$ 1.1550 | \$ 0.0000 | \$ 535,876,891 |
| 2020 | \$ 0.9700 | \$ 0.1150 | \$ 577,302,333 |
| 1000 Totals | | | |

| 10 | 20 | 31 | 32 | 40 | 50 |
|---|--|--|---|--|---------------------------------------|
| Beginning Balance 9/1/19 | Current Year's Total Levy | Maintenance Total Collected | Debt Service Total Collected | Entire Year's Adjustments | Ending Balance 8/31/20 |
| \$ 915,671 | \$ - | \$ 5,863 | \$ 402 | \$ (19,825) | \$ 889,581 |
| 70,869 | - | 938 | 62 | (1,327) | 68,542 |
| 75,275 | - | 1,121 | 87 | (708) | 73,359 |
| 78,776 | - | 2,973 | 172 | (879) | 74,752 |
| 89,992 | - | 4,687 | 293 | 2,491 | 87,503 |
| 95,826 | - | 8,138 | 587 | 1,795 | 88,896 |
| 154,198 | - | 18,289 | 1,495 | 3,470 | 137,884 |
| 205,987 | - | 26,138 | 2,639 | (2,598) | 174,612 |
| 305,180 | - | 91,063 | - | (9,464) | 204,653 |
| - | 6,088,269 | 5,391,706 | 635,857 | 279,087 | 339,793 |
| <u>\$ 1,991,774</u> | <u>\$ 6,088,269</u> | <u>\$ 5,550,916</u> | <u>\$ 641,594</u> | <u>\$ 252,042</u> | <u>\$ 2,139,575</u> |

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Year Ended August 31, 2020

| Data Control Codes | | Budgeted Amounts | | | Variance With Final Budget Positive (Negative) |
|--------------------------|--------------------------------|------------------|------------|------------|---|
| | | Original | Final | Actual | |
| | | | | | |
| | <u>Revenues</u> | | | | |
| 5700 | Local and intermediate sources | \$ 86,500 | \$ 86,500 | \$ 63,059 | \$ (23,441) |
| 5800 | State program revenues | 32,324 | 51,724 | 58,078 | 6,354 |
| 5900 | Federal program revenues | 1,038,000 | 1,018,600 | 910,662 | (107,938) |
| 5020 | Total Revenues | 1,156,824 | 1,156,824 | 1,031,799 | (125,025) |
| | <u>Expenditures</u> | | | | |
| 0035 | Food services | 1,103,271 | 1,103,271 | 957,306 | 145,965 |
| 6030 | Total Expenditures | 1,103,271 | 1,103,271 | 957,306 | 145,965 |
| 1200 | Net Change in Fund Balance | 53,553 | 53,553 | 74,493 | 20,940 |
| 0100 | Beginning fund balance | 171,156 | 171,156 | 171,156 | - |
| 3000 | Ending Fund Balance | \$ 224,709 | \$ 224,709 | \$ 245,649 | \$ 20,940 |

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND - EXHIBIT J-3

For the Year Ended August 31, 2020

| Data Control Codes | | Budgeted Amounts | | | Variance With Final Budget |
|--------------------------|-----------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | | Original | Final | Actual | Positive (Negative) |
| | | | | | |
| | Revenues | | | | |
| 5700 | Local and intermediate sources | \$ 778,323 | \$ 736,323 | \$ 680,587 | \$ (55,736) |
| 5800 | State program revenues | 11,060 | 11,060 | 17,109 | 6,049 |
| 5020 | Total Revenues | <u>789,383</u> | <u>747,383</u> | <u>697,696</u> | <u>(49,687)</u> |
| | Expenditures | | | | |
| 0041 | General administration | - | 45 | 40 | 5 |
| | Debt service: | | | | |
| 0071 | Principal | 1,909,698 | 863,000 | 863,000 | - |
| 0072 | Interest | - | 93,854 | 93,851 | 3 |
| 0073 | Bond issuance costs and fees | - | 1,000 | 1,000 | - |
| 6030 | Total Expenditures | <u>1,909,698</u> | <u>957,899</u> | <u>957,891</u> | <u>8</u> |
| 1200 | Net Change in Fund Balance | (1,120,315) | (210,516) | (260,195) | (49,679) |
| 0100 | Beginning fund balance | 3,746,899 | 3,746,899 | 3,746,899 | - |
| 3000 | Ending Fund Balance | <u>\$ 2,626,584</u> | <u>\$ 3,536,383</u> | <u>\$ 3,486,704</u> | <u>\$ (49,679)</u> |

FEDERAL AWARDS AND OTHER COMPLIANCE SECTION



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

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, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas



**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
Woodville Independent School District:

Report on Compliance for Each Major Federal Program

We have audited the Woodville 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 August 31, 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.

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 August 31, 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.

The logo features the names 'Belt Harris Pechacek' in a large, elegant, cursive script. Below the names, 'LLP' is written in a smaller, bold, sans-serif font.

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2020

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Woodville Independent School District (the "District").
2. No significant deficiencies or material weaknesses in internal control were 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. No significant deficiencies or material weaknesses in internal control over major federal award programs were 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:

| <u>CFDA Numbers</u> | <u>Name of Federal Program</u> |
|---------------------|--------------------------------|
| 10.553 & 10.555 | Child Nutrition Cluster |

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

None Noted

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
For the Year Ended August 31, 2020

| (1) | (2) | (2A) | (3) |
|--|---------------------------|---|-------------------------|
| Federal Grantor/Pass Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through State Department of Education</i> | | | |
| Title I, Part A Improving Basic Programs | 84.010 | 20610101229903 | \$ 449,564 |
| Carl D. Perkins Basic Formula Grant | 84.048A | 20420006229903 | 34,192 |
| Title II, Part A, Supporting Effective Instruction | 84.367A | 20694501229903 | 57,905 |
| Title V, Part B, Subpart 2 - Rural and Low-Income Schools | 84.358B | 20696001229903 | 24,922 |
| Title IV, Part A, Subpart I | 84.424A | 20680101229903 | 14,583 |
| Special Education Cluster (IDEA) Cluster: | | | |
| IDEA B, Formula Grant* | 84.027A | 206600012299036600 | 901,340 |
| IDEA B, Preschool* | 84.173A | 206610012299036610 | 32,037 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 1,514,543 |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through State Department of Education</i> | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program* | 10.553 | 806780706 | \$ 227,816 |
| COVID-19 School Breakfast Program* | 10.553 | 806780706 | 33,838 |
| National School Lunch Program* | 10.555 | 806780706 | 469,809 |
| COVID-19 National School Lunch Program* | 10.555 | 806780706 | 53,834 |
| Child & Adult Care Food Program | 10.558 | 806780706 | 6,363 |
| USDA Commodities | 10.565 | 806780706 | 125,365 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 917,025 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 2,431,568 |
| Federal revenue per SEFA | | | \$ 2,431,568 |
| SHARS | | | 248,796 |
| C-2 Federal revenue | | | \$ 2,680,364 |

* Indicates clustered program under OMB Compliance Supplement

The accompanying notes are an integral part of this schedule.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

NOTE 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the District. 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: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles 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.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

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 estimates the value of donated PPE to be \$12,298.70 during the reporting year.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the Year Ended August 31, 2020

| <u>Data Control Codes</u> | | <u>Responses</u> |
|-----------------------------------|--|---------------------------------|
| SF1 | Was there an unmodified opinion in the annual financial report on the financial statements as a whole? | Yes |
| SF2 | Were there any disclosures in the annual financial report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end? | No |
| SF3 | Did the District make timely payments to the Teacher Retirement System, Texas Workforce Commission, Internal Revenue Service, and other government agencies? | Yes |
| SF4 | Was the District 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 District adopted its budget? | Yes |
| SF9 | Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end | \$ <u> - </u> |

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