

EULA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED
AUGUST 31, 2021

EULA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED AUGUST 31, 2021
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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Eula Independent School District
Name of School District

Callahan
County

030-906
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved _____ disapproved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on the 14th day of October, 2021.

Marilyn J. Cole
Signature of Board Secretary

Bruce Dean
Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

FINANCIAL SECTION

Merritt, McLane & Hamby, P.C.

500 Chestnut Street, Suite 1645
Abilene, TX 79602

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Eula 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 Eula Independent School District (the District) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Eula Independent School District as of August 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the District adopted GASB Statement No. 84 *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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, and TRS schedules on pages 4 through 9 and 46 through 50 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 Eula Independent School District's basic financial statements. The introductory section, combining and nonmajor fund financial statements, and the TEA required schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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 non-major fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and required TEA schedules 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 September 17, 2021, on our consideration of Eula Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eula Independent School District's internal control over financial reporting and compliance.



MERRITT, MCLANE & HAMBY, P.C.

Abilene, Texas
September 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS



Eula Independent School District. . .

Charting A Course for Tomorrow. . . TODAY!

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of Eula Independent School District (the "District"), discuss and analyze the District's financial performance for the twelve months ended August 31, 2021. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$1,143,305 at August 31, 2021 which was an increase of 143% from the previous year net position of \$470,831, after the prior period adjustment.
- The District's expenses were \$6,673,299 versus revenue at \$7,345,773 for an increase to net position of \$672,474.
- The total cost of the District's programs increased \$11,745 from last year.
- The general fund reported a fund balance this year of \$2,874,158.

USING THIS ANNUAL REPORT

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

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

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by the Texas Education Agency (TEA). The sections labeled TEA Required Schedules and Other Information Required by GAO contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1). Their primary purpose is to show whether the District is in a better or worse position as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children

with disabilities or children from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

In the Statement of Net Position and the Statement of Activities, the District presents one kind of activity (governmental activities).

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with the Governmental Funds Balance Sheet (Exhibit C-1) and provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as federal grants received from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds (governmental and proprietary) use different accounting approaches.

- Governmental funds – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation schedule following each of the fund financial statements.
- Proprietary fund – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds which the District does not have at present) are the business-type activities reported in the government-wide statements but contain more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds in Exhibits D-1, D-2, and D-3) report activities that provide supplies and services for the District's other programs and activities – such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and prior student scholarship programs. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position (Exhibit E-1) and Statement of Changes in Fiduciary Fund Net Position (Exhibit E-2). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis below presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the net position (Table A-1) and changes in net position (Table A-2) of the District's governmental activities.

Net position of the District's governmental activities increased from \$470,831, after the prior period adjustment, to \$1,143,305. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was (\$1,599) at August 31, 2021.

Table A-1
Eula Independent School District's Net Position

	Governmental Activities		Percentage Change
	2021	2020	
Current and Other Assets	\$ 3,865,705	\$ 3,553,543	8.78%
Capital and Non-Current Assets	5,169,204	5,019,823	2.98%
Total Assets	9,034,909	8,573,366	5.38%
Deferred Outflows of Resources	956,579	737,489	29.71%
Current Liabilities	267,570	252,426	6.00%
Long Term Liabilities	7,112,701	7,545,534	-5.74%
Total Liabilities	7,380,271	7,797,960	-5.36%
Deferred Inflows of Resources	1,467,912	1,119,024	31.18%
Net Position			
Net Investment in Capital Assets	191,597	(325,312)	158.90%
Restricted	953,307	883,744	7.87%
Unrestricted	(1,599)	(164,561)	99.03%
Total Net Position	\$ 1,143,305	\$ 393,871	190.27%

At the end of the 2020-2021 school-year, the enrollment for the District was 454, an increase of 28 from the prior year. The average daily attendance (ADA) was 414.062 which was an increase of 30.732 from the prior year.

The District's Maintenance & Operations (M&O) tax rate decreased to \$1.0683 per \$100 of valuation and the Debt Service (I&S) tax rate remained consistent at \$0.19 per \$100 of valuation.

The cost of all governmental activities for the current fiscal year was \$6,673,299. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$3,516,151, which is \$115,502 more than last year's total of \$3,400,649. The District's total revenues were \$7,345,773. A significant portion, 48%, of the District's revenue comes from taxes. (See Figure A-3.) \$2,659,195 (36%) comes from state aid – formula, while less than 1% relates to charges for services.

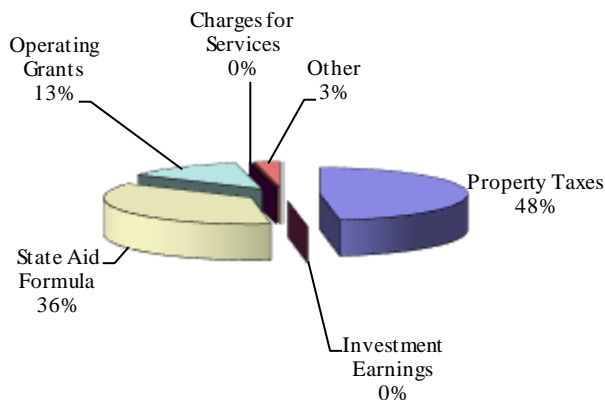
Table A-2
Changes in Eula Independent School District's Net Position

	Governmental Activities		Total % Change
	2021	2020	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 9,854	42,636	-76.89%
Operating Grants and Contributions	951,845	986,051	-3.47%
<u>General Revenues</u>			
Property Taxes	3,516,151	3,400,649	3.40%
State aid - formula	2,659,195	2,540,623	4.67%
Investment earnings	3,087	61,102	-94.95%
Other	205,641	49,997	311.31%
Total Revenues	7,345,773	7,081,058	

Expenses

Instruction and instructional related	3,626,946	3,624,923	0.06%
Instructional and school leadership	353,319	371,470	-4.89%
Guidance, social work, health, transportation	396,074	404,925	-2.19%
Food Services	425,230	393,772	7.99%
Extracurricular activities	197,795	190,562	3.80%
General administration	430,232	439,905	-2.20%
Plant maintenance and operations	901,903	878,944	2.61%
Security and monitoring	16,135	29,296	-44.92%
Data processing service	37,104	31,488	17.84%
Debt service - interest on long term debt	132,964	144,554	-8.02%
Debt service - bond issuance costs and fees	500	500	0.00%
Pmts to fiscal agent/member districts - shared services	155,097	151,215	2.57%
Total Expenses	6,673,299	6,661,554	
Change in Net Position	672,474	419,504	
Beginning Net Position	393,871	(25,633)	
Prior Period Adjustment	76,960		
Ending Net Position	\$ 1,143,305	\$ 393,871	

Figure A-3 District Sources of Revenue for Fiscal Year 2021



THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$7,250,725, an increase of 5.2% from the preceding year. Local revenue increased approximately \$35,000 as a result of an increase in property tax revenue. The state aid revenue increased approximately 3.0%. The increase in federal revenues of approximately \$235,000 represents a 50.7% increase from the prior year.

General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts estimated on August 31, 2020). The second category includes changes that the Trustees made during the year to take into account the changes in operations. The third category involved amendments moving funds from programs that did not need all the resources originally appropriated to programs with resource needs. With these adjustments, actual expenditures in the General Fund were \$795,114 under final budget amounts. The budget was amended and increased 17.9% for increases in instruction, instructional resources & media services, curriculum & instructional staff development, school leadership, health services,

student transportation, extracurricular activities, general administration, facilities maintenance & operations, security & monitoring services, facilities acquisition and construction, and payments to fiscal agent/member district of SSA.

Resources were \$394,782 under the final budget amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$4,673,301 in a broad range of capital assets, including land, equipment, buildings, and vehicles, net of accumulated depreciation. (See Table A-4). This amount represents a net increase (including additions, deletions and depreciation expense) of 3.5% over last year.

The District plans to spend approximately \$595,000 for miscellaneous equipment for the District for the year ending August 31, 2021.

**Table A-4
District's Capital Assets**

	Governmental Activities		Total % Change
	2021	2020	
Land	\$ 670,520	\$ 130,169	415.11%
Buildings and improvements	13,476,688	13,466,388	0.08%
Furniture and equipment	1,858,469	1,771,150	4.93%
Total at historical cost	16,005,677	15,367,707	4.15%
Total accumulated depreciation	11,332,376	10,854,165	4.41%
Net capital assets	\$ 4,673,301	\$ 4,513,542	3.54%

Debt

At year-end, the District had \$4,481,704 in bonds and premium. See table A-5 below.

**Table A-5
District's Long Term Debt**

	2021	2020
Unlimited Tax School		
Building Bonds, Series 2014A	\$ 949,500	\$ 1,004,800
Unlimited Tax School		
Building Bonds, Series 2014B	915,000	966,000
Unlimited Tax		
Refunding Bonds, Series 2015	2,405,000	2,640,000
Total Bonds	4,269,500	4,610,800
Premium on Series 2014A	23,425	25,227
Premium on Series 2014B	22,818	24,573
Premium on Series 2015	165,961	178,254
Total	\$ 4,481,704	\$ 4,838,854

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2021-2022 budget preparation increased \$32,753,872 or 11.5% from the previous year. The District's M&O tax rate decreased to \$0.9902, and the I&S rate decreased to \$0.16. The increase in property values is expected to result in an increase in property tax revenue despite the lower tax rates.

- General operating fund spending per student increased in the 2022 budget to \$15,988, a \$1,597 per student increase from the 2021 actual spending.

The District's 2021 refined average daily attendance is expected to be 380.

These indicators were taken into account when adopting the general fund budget for 2022. State revenue will increase slightly and property tax is expected to increase slightly compared to 2021.

Expenditures are budgeted at \$6,075,375, which is an increase of 2.0% compared to prior year expenditures. If these estimates are realized, the District's budgetary general fund fund balance is expected to remain consistent with 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Eula Independent School District, 6040 FM 603, Clyde, Texas 79510, or by calling (325) 529-3186.

BASIC FINANCIAL STATEMENTS

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

AUGUST 31, 2021

<u>Data Control Codes</u>		<u>Governmental Activities</u>
ASSETS		
1110	Cash and cash equivalents	\$ 1,439,738
1120	Current investments	743,484
1220	Property taxes receivable, net	217,634
1230	Allowance for uncollectible taxes	(47,867)
1240	Due from other governments	584,233
1800	Restricted assets	928,483
	Capital assets:	
1510	Land	670,520
1520	Buildings, net	3,502,725
1530	Furniture and equipment, net	500,056
1910	Long term investments	495,903
1000	Total Assets	<u>9,034,909</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Outflow related to TRS pension	457,684
1706	Deferred outflow related to TRS OPEB	498,895
1700	Total Deferred Outflows of Resources	<u>956,579</u>
LIABILITIES		
2110	Accounts payable	28,308
2140	Interest payable	5,785
2160	Accrued wages payable	210,504
2200	Accrued expenses	22,973
	Noncurrent liabilities	
2501	Due within one year	347,500
2502	Due in more than one year	4,134,204
2540	Net pension liability (District's share)	1,074,696
2545	Net OPEB liability (District's share)	1,556,301
2000	Total Liabilities	<u>7,380,271</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflow related to TRS pension	140,522
2606	Deferred inflow related to TRS OPEB	1,327,390
2600	Total Deferred Inflows of Resources	<u>1,467,912</u>
NET POSITION		
3200	Net investment in capital assets	191,597
	Restricted for:	
3820	Federal or State programs	15,322
3850	Debt service	937,447
3860	Capital projects	538
3900	Unrestricted	(1,599)
3000	Total Net Position	<u>\$ 1,143,305</u>

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

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Primary Government: GOVERNMENTAL ACTIVITIES:		1	Program Revenues		Net (Expense)
			3	4	Revenue and Changes in Net Position
Data Control Codes		Expenses	Charges for Services	Operating Grants and Contributions	6 Governmental Activities
	Government Activities:				
11	Instruction	\$ 3,566,885	\$	\$ 750,900	\$ (2,815,985)
12	Instructional Resources & Media Services	53,495		(8,425)	(61,920)
13	Curriculum & Instructional Staff Development	6,566			(6,566)
23	School Leadership	353,319		(23,697)	(377,016)
31	Guidance, Counseling, & Evaluation Services	137,703		(8,325)	(146,028)
33	Health Services	57,506		(2,793)	(60,299)
34	Student (Pupil) Transportation	200,865		(2,208)	(203,073)
35	Food Service	425,230	9,360	265,924	(149,946)
36	Extracurricular Activities	197,795	494	(6,497)	(203,798)
41	General Administration	430,232		(20,009)	(450,241)
51	Facilities Maintenance & Operations	901,903		(3,150)	(905,053)
52	Security & Monitoring Services	16,135		10,125	(6,010)
53	Data Processing Services	37,104			(37,104)
72	Debt Service - Interest on Long-Term Debt	132,964			(132,964)
73	Debt Service - Bond Issuance Cost & Fees	500			(500)
93	Payments Related to Shared Service Arrangement	155,097			(155,097)
	Total Governmental Activities	<u>6,673,299</u>	<u>9,854</u>	<u>951,845</u>	<u>(5,711,600)</u>
TP	Total Primary Government	<u>\$ 6,673,299</u>	<u>\$ 9,854</u>	<u>\$ 951,845</u>	<u>(5,711,600)</u>
	Data Control Codes		General Revenues:		
	MT		Property Taxes, Levied for General Purposes		2,987,857
	DT		Property Taxes, Levied for Debt Service		528,294
	SF		State Aid-formula grants		2,659,195
	GC		Grants & Contributions Not Restricted		135,543
	IE		Investment Earnings		3,087
	MI		Miscellaneous Local & Intermediate Revenues		70,098
	TR		Total General Revenues		<u>6,384,074</u>
	CN		Change in Net Position		672,474
	NB		Net Position - Beginning		393,871
	PA		Prior Period Adjustment		76,960
	NE		Net Position - Ending		<u>\$ 1,143,305</u>

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
1110	Cash and cash equivalents	\$ 1,378,347	\$	\$ 61,381	\$ 1,439,728
1120	Investments - current	743,484			743,484
1220	Property taxes, delinquent	178,664	38,970		217,634
1230	Allowance for uncollectible taxes	(39,296)	(8,571)		(47,867)
1240	Due from other governments	522,859	1,101	60,273	584,233
1260	Due from other funds		13,648	2,032	15,680
1800	Restricted assets		928,483		928,483
1910	Long-term investments	495,903			495,903
1000	Total Assets	<u>\$ 3,279,961</u>	<u>\$ 973,631</u>	<u>\$ 123,686</u>	<u>\$ 4,377,278</u>
LIABILITIES:					
2110	Accounts payable	\$ 23,681	\$	\$ 4,627	\$ 28,308
2160	Accrued wages payable	203,275		7,229	210,504
2170	Due to other funds	34,348			34,348
2200	Accrued expenditures	5,131		143	5,274
2000	Total Liabilities	<u>266,435</u>		<u>11,999</u>	<u>278,434</u>
DEFERRED INFLOWS OF RESOURCES:					
2601	Unavailable revenue - property tax	139,368	30,399		169,767
2600	Total Deferred Inflow of Resources	<u>139,368</u>	<u>30,399</u>		<u>169,767</u>
FUND BALANCES:					
Restricted fund balance:					
3450	Federal or State funds grant restriction			15,322	15,322
3470	Capital acquisition & contractual obligation			538	538
3480	Retirement of long-term debt		943,232		943,232
3600	Unassigned fund balance	2,874,158		95,827	2,969,985
3000	Total Fund Balances	<u>2,874,158</u>	<u>943,232</u>	<u>111,687</u>	<u>3,929,077</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 3,279,961</u>	<u>\$ 973,631</u>	<u>\$ 123,686</u>	<u>\$ 4,377,278</u>

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

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2021

Total fund balances - governmental funds balance sheet	\$ 3,929,077
<p>Amounts reported for governmental activities in the statement of net position (SNP) are different because:</p>	
<p>The District uses internal service funds to charge the costs of certain activities such as self-insurance. The net effect of this consolidation is to increase net position.</p>	979
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$15,367,707 and the accumulated depreciation was \$10,854,165.</p>	4,513,542
<p>Bonds payable of \$4,610,800 and bond premium of \$228,054 are not due and payable in the current period, and therefore are not reported as liabilities in the funds.</p>	(4,838,854)
<p>Current year payments on debt are expenditures in the fund financial statements, but are reductions in long term debt in the SNP.</p>	341,300
<p>Current year capital outlays and dispositions are expenditures in the fund financial statements, but are shown as increases to capital assets in SNP.</p>	689,645
<p>Depreciation expense decreases net position in SNP.</p>	(529,886)
<p>The premium on the bonds must be amortized over the life of the bonds. This results in an increase in net position.</p>	15,850
<p>Accrued interest is not recorded in the fund financial statements.</p>	(5,785)
<p>Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$457,684, a deferred resource inflow in the amount of \$140,522, and net pension liability in the amount of \$1,074,696. This resulted in a decrease in net position.</p>	(757,534)
<p>Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$498,895, a deferred resource inflow in the amount of \$1,327,390, and a net OPEB liability in the amount of \$1,556,301. This resulted in a decrease in net position.</p>	(2,384,796)
<p>Various other reclassifications such as recognizing unavailable property tax revenue and accrued interest which are reported as a liability in the fund financial statements.</p>	<u>169,767</u>
Net position of governmental activities - statement of net position	\$ <u><u>1,143,305</u></u>

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

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
REVENUES					
5700	Local and intermediate sources	\$ 2,997,311	536,457	\$ 32,475	\$ 3,566,243
5800	State program revenues	2,940,460	11,340	34,647	2,986,447
5900	Federal program revenues	142,059		555,976	698,035
5020	Total Revenues	<u>6,079,830</u>	<u>547,797</u>	<u>623,098</u>	<u>7,250,725</u>
EXPENDITURES					
Current:					
0011	Instruction	3,220,341		277,057	3,497,398
0012	Instructional resources & media services	35,059		30	35,089
0013	Curriculum & instructional staff development	6,566			6,566
0023	School leadership	319,249			319,249
0031	Guidance, counseling, & evaluation services	125,849			125,849
0033	Health services	52,109			52,109
0034	Student (pupil) transportation	192,981			192,981
0035	Food services			320,406	320,406
0036	Extracurricular activities	154,393		4,248	158,641
0041	General administration	393,185			393,185
0051	Facilities maintenance & operations	711,105		12,532	723,637
0052	Security & monitoring services	15,416		10,300	25,716
0053	Data processing services	37,104			37,104
Debt service:					
0071	Principal on long-term debt		341,300		341,300
0072	Interest on long-term debt		149,359		149,359
0073	Bond issuance cost & fees		500		500
Capital outlay:					
0081	Facilities acquisition & construction	540,351			540,351
Intergovernmental:					
0093	Payments to fiscal agent/member district of SSA	155,097			155,097
6030	Total Expenditures	<u>5,958,805</u>	<u>491,159</u>	<u>624,573</u>	<u>7,074,537</u>
1100	Excess (Deficiency) of Revenues over (Under) Expenditures	<u>121,025</u>	<u>56,638</u>	<u>(1,475)</u>	<u>176,188</u>
OTHER FINANCING SOURCES (USES)					
7915	Transfers in			32,722	32,722
8911	Transfers out	(32,722)			(32,722)
7080	Total Other Financing Sources and (Uses)	<u>(32,722)</u>		<u>32,722</u>	
1200	Net Change in Fund Balances	88,303	56,638	31,247	176,188
0100	Fund Balance - Beginning	2,785,855	886,594	3,480	3,675,929
1300	Increase in Fund Balance			76,960	76,960
3000	Fund Balance - Ending	<u>\$ 2,874,158</u>	<u>\$ 943,232</u>	<u>\$ 111,687</u>	<u>\$ 3,929,077</u>

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

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021**

Total change in fund balances - total governmental funds	\$	176,188
<p>Amounts reported for governmental activities in the statement of activities (SOA) are different because:</p>		
<p>Current year capital outlays and dispositions are expenditures in the fund financial statements, but are shown as increases to capital assets in SNP. In addition, current year retirements are shown in the government-wide financial statements but not in fund financial statements.</p>		689,645
<p>Depreciation expense decreases net assets in SNP.</p>		(529,886)
<p>Current year debt retirements are shown in the government-wide financial statements as a reduction in liabilities but as an expenditure in the fund financial statements.</p>		341,300
<p>Accrued interest on bonds are recorded as liabilities in the government wide statements.</p>		545
<p>The premium on the bonds must be amortized over the life of the bonds. This results in an increase in net position.</p>		15,850
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in the ending net position to increase in the amount of \$93,343. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$82,702. The proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$111,941. The net result is to decrease the change in net position.</p>		(101,300)
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$32,740. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$31,111. The proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$45,556. The net result is an increase in the change in net position.</p>		47,185
<p>Various other reclassifications and eliminations including recognizing unavailable revenue as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy.</p>		<u>32,947</u>
Change in net position - statement of activities	\$	<u><u>672,474</u></u>

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

PROPRIETARY FUND FINANCIAL STATEMENTS

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET POSITION- PROPRIETARY FUND

AUGUST 31, 2021

	<u>Internal Service Fund</u>
ASSETS	
Current:	
Cash and cash equivalents	\$ 10
Due from general fund	<u>18,668</u>
Total Assets	<u>18,678</u>
LIABILITIES	
Current:	
Accrued expenses	<u>17,699</u>
Total Liabilities	<u>17,699</u>
NET POSITION	
Unrestricted net position	<u>979</u>
Net Position - End of Year	<u>\$ 979</u>

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

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Internal Service Fund</u>
OPERATING REVENUES:	
Local and intermediate sources	\$ <u>6,408</u>
Total operating revenues	<u>6,408</u>
OPERATING EXPENSES:	
Professional and contracted services	<u>6,408</u>
Total operating expenses	<u>6,408</u>
Operating income	
Total Net Position- Beginning of Year	<u>979</u>
Total Net Position - End of Year	\$ <u><u>979</u></u>

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

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Internal Service Fund</u>
Cash flows from Operating Activities	
Cash payments from general fund	\$ 6,408
Cash payments for other operating expenses	<u>(6,408)</u>
Net cash provided by operating activities	<u> </u>
Net increase in cash and cash equivalents	
Cash and cash equivalents - beginning of year	<u>10</u>
Cash and cash equivalents - end of year	\$ <u><u>10</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ <u><u> </u></u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

AUGUST 31, 2021

		<u>Private- Purpose Trust Fund</u>	<u>Custodial Fund</u>
	ASSETS		
Cash and cash equivalents		\$ 5,660	\$ 51,813
Total Assets		<u>5,660</u>	<u>51,813</u>
	NET POSITION		
Restricted for scholarships		5,660	
Unrestricted			51,813
Total Net Position		<u><u>5,660</u></u>	<u><u>51,813</u></u>

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

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Private- Purpose Trusts</u>	<u>Custodial Fund</u>
Additions:		
Miscellaneous revenue - student activities	\$	\$ 85,060
Gifts and bequests	2,307	
Total Additions	<u>2,307</u>	<u>85,060</u>
Deductions:		
Other deductions	<u>1,309</u>	<u>85,007</u>
Total Deductions	<u>1,309</u>	<u>85,007</u>
Change in Fiduciary Net Position	998	53
Net Position - Beginning of Year	4,662	128,720
Prior Period Adjustment		(76,960)
Net Position - End of Year	\$ <u><u>5,660</u></u>	\$ <u><u>51,813</u></u>

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

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eula Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “FASRG”) and the requirements of contracts and grants of agencies from which it receives funds.

Pensions: The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS’ fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits: The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefit, 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.

Reporting Entity

The Board of School Trustees has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the executive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (“TEA”) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District’s basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District’s reporting entity, as set forth in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards. Based on the criteria, Eula Independent School District has no component units.

Basis of Presentation

The statement of net position and the statement of activities are government-wide financial statements and report information on all of the nonfiduciary activities of the District. The effect of interfund activity within the governmental activities columns have been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate, self-balancing funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. Governmental funds are those funds through which most governmental functions typically are financed. The District has presented the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

In addition, the District reports the following fund types:

Special Revenue Funds account for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

The *Capital Projects Fund* accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisition.

Internal Service Fund, a proprietary fund type, accounts for its workers' compensation self-insurance plan in a public entity risk pool. The General Fund is contingently liable for liabilities of these funds. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the District.

Custodial Funds are used to report student custodial funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investments, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Private Purpose Trust Fund accounts for donations for which the donor has stipulated that both principal and the income may be used for purposes that benefit parties outside the District.

Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do internal service fund financial statements and fiduciary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities in the current period. The property taxes received after the end of year are recorded as deferred inflow of resources. A one-year availability period is used for recognition of all other governmental fund revenue. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenue susceptible to accrual is property taxes, charges for services, interest income and intergovernmental revenues.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as unearned revenues, expenditures incurred but not yet reimbursed are shown as receivables. Funds received before time requirements are met but after all other eligibility requirements have been met will be reported as a deferred inflow of resources.

Operating income reported in proprietary fund financial statements include transfers from the general fund to pay worker's compensation claims. Operating expenses are the costs of worker's compensation claims and administrative costs.

In accordance with the Financial Accountability Resource Guide (FAR), the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted.

Budgetary Control

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20th the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end.

The District had no negative budget variances at August 31, 2021.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and cash equivalent

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Inventory

The costs of inventory are recorded as expenditures when purchased (purchase method).

Interfund Receivables and Payables

Short-term amounts owed between funds are classified as “Due to/from other funds”.

Capital Assets

Capital assets, which include land, buildings, furniture, and equipment, are reported in the 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects as they are constructed.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-30
Furniture and equipment	5-15

Deferred Outflows/Inflows of Resources

Deferred outflows of resources refer to the consumption of net assets that are applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets. The District has no amounts recorded as deferred outflows of resources in the governmental fund financial statements and \$956,579 recorded as deferred outflows of resources in the government-wide financial statements.

Deferred inflows of resources refer to the acquisition of net assets that are applicable to a future reporting period. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Specifically, for the current period, the difference in delinquent taxes receivable and the associated allowance for uncollectible taxes of \$169,767 is considered a deferred inflow of resources in the governmental fund financial statements, while \$1,467,912 of deferred inflows related to TRS is considered deferred inflows of resources in the government-wide financial statements.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) are legally or contractually required to be maintained intact. The District has no funds classified as nonspendable at August 31, 2021.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation. The District has \$943,232 classified as restricted for debt service, \$538 for capital projects fund, and \$15,322 restricted for the child nutrition program at August 31, 2021.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been officially committed for use in satisfying those contractual requirements. The District has no funds committed at August 31, 2021.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has no funds assigned at August 31, 2021.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Long-term Obligations

In the government-wide financial statements, 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 which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Data Control Codes

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

Estimates

The preparation of financial statements in conformity with GAAP required the use of management's estimates. Accordingly, actual results could differ from those estimates.

Receivables and Payables

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

NOTE 2: DEPOSITS AND INVESTMENTS

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

Cash Deposits

At August 31, 2021, the carrying amount of the District's deposits (cash and interest-bearing accounts) was \$3,665,091 and the bank balance was \$3,703,957. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were adequately secured by FDIC and NCUA insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "ACT"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform tests procedures related to investment practices as provided by the Act.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: DEPOSITS AND INVESTMENTS - continued

Fair Value

Generally accepted accounting principles require the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A fair value hierarchy exists for valuation inputs that give the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example: interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value.

While management believes the District's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

For all assets and liabilities other than investments carrying value approximates fair value.

Investments are reported at fair value utilizing Level II inputs for the CDs at First Financial Brokerage Service and Abilene Teachers Federal Credit Union.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: DEPOSITS AND INVESTMENTS - continued

As of August 31, 2021, Eula Independent School District has the following investments:

	<u>Cost</u>	<u>Book Value</u>	<u>Weighted Average Maturity</u>
Investments			
Certificates of deposit maturities < 1 year	\$ 456,911	\$ 456,911	99 Days
Certificates of deposit maturities > 1 year	495,903	495,903	448 Days
Money market	<u>286,573</u>	<u>286,573</u>	
Total investments	<u>\$ 1,239,387</u>	<u>\$ 1,239,387</u>	

The District recorded \$495,903 of investments as long-term investments.

Analysis of Specific Deposit and Investment Risks

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. With the exceptions of CDs, the District's investment policy limits its investment portfolio to maturities of one year or less as a means of limiting its exposure to fair value losses arising from fluctuating interest rates.

Foreign Currency Risk

Foreign currency risk is the risk that exchange rates will adversely affect fair value of an investment. At August 31, 2021, the District was not exposed to foreign currency risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). The District's investment policy is to reduce the risk of loss resulting from over concentration of assets in a specific class of investments; however, the District's policy places no specific limit on the amount which the District may invest in any one issuer.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 130,169	\$ 540,351	\$	\$ 670,520
Total capital assets not being depreciated	130,169	540,351		670,520
Capital assets being depreciated				
Buildings and improvements	13,466,388	10,300		13,476,688
Furniture and equipment	1,771,150	138,994	51,675	1,858,469
Total capital assets being depreciated	15,237,538	149,294	51,675	15,335,157
Less accumulated depreciation for:				
Buildings and improvements	(9,545,840)	(428,123)		(9,973,963)
Furniture and equipment	(1,308,325)	(101,763)	(51,675)	(1,358,413)
Total accumulated depreciation	(10,854,165)	(529,886)	(51,675)	(11,332,376)
Total capital assets being depreciated, net	4,383,373	(380,592)		4,002,781
Governmental activities capital assets, net	\$ 4,513,542	\$ 159,759	\$	\$ 4,673,301
Depreciation was charged to functions as follows:				
Instruction	\$ 143,023			
Instructional Resources and Media Services	8,534			
School Leadership	6,400			
Guidance, Counseling & Evaluation Services	2,134			
Health Services	2,134			
Student (Pupil) Transportation	77,904			
Food Service	75,890			
Cocurricular/Extracurricular activities	31,568			
General Administration	13,682			
Plant Maintenance and Operations	168,102			
Security	515			
Total depreciation expense - governmental activities	\$ 529,886			

NOTE 4: LONG-TERM DEBT

The District issued \$1,256,454 of Unlimited Tax School Building Bonds, Series 2014B, during the year ended August 31, 2014, with an average interest rate of 3.578% issued to advance refund \$1,222,351 of the Maintenance Tax Note, Series 2010, with an average interest rate of 5.0%. The net proceeds of \$1,221,351 (after paying \$34,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The bonds mature on August 15, 2034.

The District issued \$1,277,648 of Unlimited Tax School Building Bonds, Series 2014A, during the year ended August 31, 2014, for the purpose of funding capital and maintenance projects, under the authority granted by Article 7, Section 5 of the Texas Constitution and Subchapter C of Chapter 45 of the Texas Education Code. Interest rates range from 3.3% to 5.343%. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The bonds mature on August 15, 2034.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: LONG-TERM DEBT - continued

On February 1, 2015, \$3,700,000 in Unlimited Tax Refunding Bonds, Series 2015, with an average interest rate of 2.966% were issued to advance refund \$3,840,000 of the Unlimited Tax Refunding Bonds, Series 2005, with an average interest rate of 5.0%. The net proceeds of \$3,700,000, with a premium of \$245,864 were issued to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreased total debt service payments over the next 16 years by \$917,693 resulting in an economic gain of \$791,522. The bonds mature on February 15, 2030.

Description	Balance September 1, 2020	Issued	Retired	Balance August 31, 2021	Due Within One Year
Unlimited Tax School					
Building Bonds, Series 2014A	\$ 1,004,800	\$	55,300	\$ 949,500	\$ 57,500
Unlimited Tax School					
Building Bonds, Series 2014B	966,000		51,000	915,000	55,000
Unlimited Tax					
Refunding Bonds, Series 2015	2,640,000		235,000	2,405,000	235,000
Total Bonds	4,610,800		341,300	4,269,500	347,500
Premium on Series 2014A	25,227		1,802	23,425	
Premium on Series 2014B	24,573		1,755	22,818	
Premium on Series 2015	178,254		12,293	165,961	
Total	\$ 4,838,854	\$	357,150	\$ 4,481,704	\$ 347,500
Net Pension Liability	\$ 1,014,393	143,096	82,793	1,074,696	
Net OPEB Liability	1,692,287	(104,869)	31,117	1,556,301	
	\$ 2,706,680	\$ 38,227	\$ 113,910	\$ 2,630,997	

Debt service requirements for long term debt are as follows:

Debt Service Requirements	Principal	Interest	Total
2022	\$ 347,500	\$ 135,311	\$ 482,811
2023	364,500	121,821	486,321
2024	379,000	110,202	489,202
2025	384,000	98,277	482,277
2026	398,000	86,031	484,031
2027-2031	1,889,500	235,983	2,125,483
2032-2034	507,000	35,339	542,339
Total	\$ 4,269,500	\$ 822,964	\$ 5,092,464

NOTE 5: PROPERTY TAXES

Property taxes are levied on October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid by January 31 of the year in which imposed. On February 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. Allowances for uncollectible tax receivables within the General Fund and Debt Service Fund are based on historical experience in collecting property taxes.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: *PROPERTY TAXES - continued*

Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The tax rates assessed for the fiscal year ended August 31, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0683 and \$0.19 per \$100 valuation, respectively, for a total of \$1.2583 per \$100 valuation.

NOTE 6: *INTERFUND BALANCES AND ACTIVITIES*

Balances due to and from other funds at August 31, 2021, consisted of the following:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
National School Breakfast & Lunch	General Fund	\$ 2,032
Debt Service Fund	General Fund	13,648
Internal Service Fund	General Fund	18,668
		<u>\$ 34,348</u>

All amounts due are scheduled to be repaid within one year and are to eliminate deficit cash balances or to refund for expenses paid.

Interfund transfers consist of a transfer from the General Fund to the Food Service Fund in the amount of \$32,722. The transfer was needed to supplement the Food Service fund.

NOTE 7: *RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

Unemployment Compensation Pool

During the year ended August 31, 2021, Eula Independent School District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations 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 Unemployment Compensation Pool. For the year ended August 31, 2021, the Fund anticipates that Eula Independent School District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available at the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: RISK MANAGEMENT – continued

Workers’ Compensation Coverage

The District began participating in a partially self-funded workers’ compensation pool administered by Claims Administrative Services, Inc. The District pays a contribution for the fund year to cover the servicing cost of program administration, claims handling, loss control and stop loss coverage. Provided the District remains in the pool, there are no additional fees for services. The loss fund maximum set aside in a separate account in the records of the plan sponsor for claims is \$21,875. The District’s required contribution for the year ended August 31, 2021, was \$7,328 and was recorded as an insurance expenditure.

Changes in the balances of workers’ compensation claims liabilities during the past year are as follows:

Unpaid Claims September 1, 2020	\$ 24,107
Incurred Claims (not including IBNR), and adjustments	(4,273)
Claim Payments	<u>(2,135)</u>
Total Unpaid Claims August 31, 2021	<u>\$ 17,699</u>

NOTE 8: DEFINED BENEFIT PENSION PLAN

Plan Description

Eula Independent School District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (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 the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>, by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2020 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2020.

Net Pension Liability	Total
Total Pension Liability	\$ 218,974,205,084
Less: Fiduciary Net Position	<u>(165,416,245,243)</u>
Net Pension Liability	<u>\$ 53,557,959,841</u>
Net Position as a percentage of Total Pension Liability	75.54%

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 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: DEFINED BENEFIT PENSION PLAN - continued

annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) 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 thru 2025.

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Current fiscal year employer contributions	\$	93,343
Current fiscal year member contributions	\$	264,025
2020 measurement year NECE on-behalf contributions	\$	216,045

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

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers, including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system 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.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: DEFINED BENEFIT PENSION PLAN - continued

- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2020.

In addition to the employer contributions, there is additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (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 2020 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Rate	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source of 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)	2019
Inflation	2.30%

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020.

Discount Rate

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

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

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: DEFINED BENEFIT PENSION PLAN - continued

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-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 weighing 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 the Systems target asset allocation as of August 31, 2020 as summarized below:

Asset Class	Target Allocation(1) Percentage	Long-Term Expected Geometric Real Rate of Return(2)	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0.0%	1.8%	
Stable Value Hedge Funds	5.0%	1.9%	0.11%
Real Returns			
Real Assets	15.0%	4.6%	1.02%
Energy, Natural Resources and Infrastructure	6.0%	6.0%	0.42%
Commodities	0.0%	0.8%	
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag (3)			-0.67%
Expected Return	<u>100%</u>		<u>7.33%</u>

(1) Target allocations are based on the FY 2020 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020).

(3) The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	in Discount Rate (6.25%)	Discount Rate (7.25%)	Discount Rate (8.25%)
Proportionate share of the net pension liability	\$ 1,657,162	\$ 1,074,696	\$ 601,455

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: DEFINED BENEFIT PENSION PLAN - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At August 31, 2021, Eula Independent School District reported a liability of \$1,074,696 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to Eula Independent School District. The amount recognized by Eula Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Eula Independent School District were as follows:

District's proportionate share of the collective net pension liability	\$	1,074,696
State's proportionate share that is associated with the District		2,804,382
Total	\$	3,879,078

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.0020066033% which was an increase of 0.0000552134% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

- The single discount rate as of August 31, 2019 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, 2020.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2021, Eula Independent School District recognized pension expense of \$531,948 and revenue of \$337,305 for support provided by the State.

At August 31, 2021, Eula Independent School District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	1,962	\$ 29,992
Changes in actuarial assumptions		249,368	106,029
Difference between projected and actual investment earnings		21,756	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions		91,255	4,501
Total as of August 31, 2020 measurement date		364,341	140,522
Contributions paid to TRS subsequent to the measurement date		93,343	
Total as of fiscal year-end	\$	457,684	\$ 140,522

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

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: DEFINED BENEFIT PENSION PLAN - continued

Year ended August 31:	Pension Expense Amount
2022	\$ 67,126
2023	68,934
2024	64,150
2025	26,941
2026	(4,228)
Thereafter	896

NOTE 9: DEFINED OTHER POST-EMPLOYMENT BENEFITS PLANS

Plan Description

Eula Independent School District participates in the Texas Public School Retired Employee Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in a separately issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020 are as follows:

Net OPEB Liability	Total
Total OPEB Liability	\$ 40,010,833,815
Less: Plan Fiduciary Net Position	(1,996,317,932)
Net Pension Liability	\$ 38,014,515,883
Net Position as a Percentage of Total OPEB Liability	4.99%

Benefits Provided

TRS-Care provides a basic health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Tx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees 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 post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: DEFINED OTHER POST-EMPLOYMENT BENEFITS PLANS - continued

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions	\$	32,740
Current fiscal year member contributions	\$	22,287
2020 measurement year NECE on-behalf contributions	\$	41,813

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

Actuarial Assumptions

The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: DEFINED OTHER POST-EMPLOYMENT BENEFITS PLANS - continued

Additional actuarial methods and assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increase	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.33 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
Proportionate share of the net OPEB liability	\$ 1,867,558	\$ 1,556,301	\$ 1,310,453

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one percentage point higher than the assumed healthcare cost trend rate of 8.5% is used.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 1,271,299	\$ 1,556,301	\$ 1,935,884

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:

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: DEFINED OTHER POST-EMPLOYMENT BENEFITS PLANS – continued

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' appeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

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

At August 31, 2021, Eula Independent School District reported a liability of \$1,556,301 for its proportionate share of the TRS' net OPEB liability. This liability reflects a reduction for State OPEB support provided to Eula Independent School District. The amount recognized by Eula Independent School 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 Eula Independent School District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1,556,301
State's proportionate share that is associated with the District	2,091,296
Total	\$ 3,647,597

The net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.00409396574% which was an increase of 0.0005155283% from its proportion measured as of August 31, 2019.

For the year ended August 31, 2021, the District recognized OPEB expense of \$(28,966) and revenue of \$(14,521) for support provided by the State.

At August 31, 2021 the Eula Independent School District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 81,487	\$ 712,243
Changes in actuarial assumptions	95,991	427,368
Difference between projected and actual investment earnings	505	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	288,172	187,779
Total as of August 31, 2020 measurement date	466,155	1,327,390
Contributions paid to TRS subsequent to the measurement date	32,740	
Total as of fiscal year-end	\$ 498,895	\$ 1,327,390

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: DEFINED OTHER POST-EMPLOYMENT BENEFITS PLANS – continued

Year ended August 31:	OPEB Expense	
		Amount
2022	\$	(152,829)
2023		(152,898)
2024		(152,936)
2025		(152,926)
2026		(111,356)
Thereafter		(138,290)

NOTE 10: MEDICARE PART D ON BEHALF PAYMENTS

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. Eula Independent School District paid state contributions for the years ended August 31, 2021, 2020, and 2019 in the amount of \$16,602, \$14,420, and \$10,579, respectively.

NOTE 11: ON-BEHALF PAYMENTS

The District records on-behalf payments from the State of Texas to be used for Teacher Retirement in the amount of \$264,662 for the year ended August 31, 2021.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Contingencies

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

Litigation

No reportable litigation was pending against the District at August 31, 2021.

NOTE 13: DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021 are summarized below.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: DUE FROM OTHER GOVERNMENTS - continued

<u>Fund</u>	State Grants/ Entitlements	Federal Grant	Total
General Fund	\$ 522,859	\$	\$ 522,859
National Breakfast and Lunch Program		18,111	18,111
ESSER - School Emergency Relief		268	268
ESSER - School Emergency Relief III		35,958	35,958
State Instructional Materials	5,936		5,936
Debt Service Fund	1,101		1,101
Total	<u>\$ 529,896</u>	<u>\$ 54,337</u>	<u>\$ 584,233</u>

NOTE 14: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2021, revenues from local and intermediate sources for governmental fund types consisted of the following:

	General Fund	Child Nutrition	Campus Activity Funds	Debt Service Fund	Total
Property taxes	\$ 2,947,760	\$	\$	\$ 535,444	\$ 3,483,204
Food service sales		9,360			9,360
Penalties, interest & other tax revenues	37,374				37,374
Investment earnings	2,074			1,013	3,087
Miscellaneous	9,609		23,115		32,724
Athletic activities	494				494
	<u>\$ 2,997,311</u>	<u>\$ 9,360</u>	<u>\$ 23,115</u>	<u>\$ 536,457</u>	<u>\$ 3,566,243</u>

NOTE 15: JOINT VENTURE – SHARED SERVICES ARRANGEMENT

The District participates in shared services arrangements with Region XIV and Jim Ned Consolidated Independent School District. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region XIV and Jim Ned Consolidated Independent School District, nor does the District have a net equity interest in the fiscal agents. The fiscal agents are neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Eula Independent School District. The fiscal agent managers are responsible for all financial activities of the shared services arrangement. Presented below are the revenues and expenditures attributable to the District's participation:

Region XIV	ESEA		
	Title II Part A	Title IV, Part A	21st Century
Revenue	\$ <u>1,572</u>	\$ <u>5,116</u>	\$ <u>4,434</u>
Expenditures			
Contracted Services	1,349	3,801	617
Supplies	178	1,026	3,598
Other Costs	45	289	19
Total Expenditures	\$ <u>1,572</u>	\$ <u>5,116</u>	\$ <u>4,234</u>
% Attributable	1.72%	1.61%	1.89%

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: JOINT VENTURE – SHARED SERVICES ARRANGEMENT - continued

Jim Ned Consolidated Independent School District	IDEA B Formula	IDEA B Preschool
Revenue	\$ <u>103,791</u>	\$ <u>3,036</u>
Expenditures		
Payroll Costs	102,041	3,036
Contracted Services	<u>1,750</u>	<u> </u>
Total Expenditures	\$ <u>103,791</u>	\$ <u>3,036</u>
% Attributable	9.69%	9.69%

NOTE 16: PRIOR PERIOD ADJUSTMENT

During the year, the District adopted GASB Statement No. 84 *Fiduciary Activities*. Campus funds, previously reported as fiduciary funds have been moved to a special revenue fund as required by GASB Statement No. 84, thus increasing fund balance/net position by \$76,960.

NOTE 17: NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84 *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. GASB 95 postponed the effective date one year. The District implemented this statement during the current year. See Note 16 for the current year impact upon adoption.

In June 2017, the GASB issued Statement No. 87 *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. GASB 95 postponed the effective date 18 months. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In August 2018, the GASB issued Statement No. 90 *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: NEW ACCOUNTING PRONOUNCEMENTS - continued

endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. GASB 95 postponed the effective date one year. The District determined there was no impact upon its financial position, results of operations or cash flows upon adoption.

In May 2019, the GASB issued Statement No. 91 *Conduit debt obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. GASB 95 postponed the effective date one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In January 2020, the GASB issued Statement No. 92 *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Implementation of this standard has been extended until the reporting periods beginning after December 15, 2021. GASB No. 95 postponed the effective date for one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. The objective of the Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods ending after December 31, 2021. Implementation of this standard has been extended until the reporting periods beginning after December 15, 2022. GASB 95 postponed the implementation by one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

EULA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: NEW ACCOUNTING PRONOUNCEMENTS - continued

In May 2020, the GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The following statements are postponed by one year: Nos. 83, 84, 88, 89, 90, 91, 92 and 93. The following statement is postponed by 18 months: No 87. The requirements of this Statement are effective immediately. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2020, the GASB issued Statement No 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset- an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for years beginning after June 15, 2022. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2020, the GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No 14 and 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

REQUIRED SUPPLEMENTARY INFORMATION

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and intermediate sources	\$ 3,164,615	\$ 3,194,615	\$ 2,997,311	\$ (197,304)
5800	State program revenues	2,600,551	3,134,997	2,940,460	(194,537)
5900	Federal program revenues	40,000	145,000	142,059	(2,941)
5020	Total Revenues	<u>5,805,166</u>	<u>6,474,612</u>	<u>6,079,830</u>	<u>(394,782)</u>
EXPENDITURES:					
	Current				
0011	Instruction	3,124,968	3,371,570	3,220,341	151,229
0012	Instructional resources & media services	39,056	39,556	35,059	4,497
0013	Curriculum & instructional staff development	5,000	7,000	6,566	434
0023	School leadership	329,219	335,219	319,249	15,970
0031	Guidance, counseling & evaluation services	141,263	141,263	125,849	15,414
0033	Health services	53,424	56,424	52,109	4,315
0034	Student (pupil) transportation	343,955	419,755	192,981	226,774
0036	Extracurricular activities	211,257	212,457	154,393	58,064
0041	General administration	431,705	433,705	393,185	40,520
0051	Facilities maintenance & operations	850,716	970,716	711,105	259,611
0052	Security & monitoring services	11,494	17,994	15,416	2,578
0053	Data processing services	40,000	40,000	37,104	2,896
0061	Community services	100	100		100
0081	Facilities acquisition and construction		541,000	540,351	649
0093	Payments to fiscal agent/member district of SSA	144,160	167,160	155,097	12,063
6030	Total Expenditures	<u>5,726,317</u>	<u>6,753,919</u>	<u>5,958,805</u>	<u>795,114</u>
1100	Excess of Revenues Over Expenditures	<u>78,849</u>	<u>(279,307)</u>	<u>121,025</u>	<u>400,332</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of real & personal property	2,000	2,000		(2,000)
8911	Transfers out	<u>(80,849)</u>	<u>(80,849)</u>	<u>(32,722)</u>	<u>48,127</u>
7080	Total Other Financing Sources (Uses)	<u>(78,849)</u>	<u>(78,849)</u>	<u>(32,722)</u>	<u>46,127</u>
1200	Net Change in Fund Balance		(358,156)	88,303	446,459
0100	Fund Balance - Beginning	<u>2,785,855</u>	<u>2,785,855</u>	<u>2,785,855</u>	
3000	Fund Balance - Ending	<u>\$ 2,785,855</u>	<u>\$ 2,427,699</u>	<u>\$ 2,874,158</u>	<u>\$ 446,459</u>

EULA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021	FY 2020	FY 2019
	<u>Plan Year 2020</u>	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>
District's Proportion of the Net Pension Liability (Asset)	0.002006603%	0.001951390%	0.001841159%
District's Proportionate Share of Net Pension Liability	\$ 1,074,696	\$ 1,014,393	\$ 1,013,419
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>2,804,382</u>	<u>2,454,800</u>	<u>2,629,767</u>
Total	\$ <u>3,879,078</u>	\$ <u>3,469,193</u>	\$ <u>3,643,186</u>
District's Covered Employee Payroll	\$ 3,307,775	\$ 2,932,069	\$ 2,725,445
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	32.49%	34.60%	37.18%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.54%	75.24%	73.74%

NOTE: GASB 68, Paragraph 138, requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2020, August 31, 2020 for year 2019, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016, and August 31, 2014 for year 2015.

NOTE: In accordance with GASB 68, Paragraph 138, only seven years of data is presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement."

	FY 2018 <u>Plan Year 2017</u> 0.001863663%	FY 2017 <u>Plan Year 2016</u> 0.001819245%	FY 2016 <u>Plan Year 2015</u> 0.0018842%	FY 2015 <u>Plan Year 2014</u> 0.0009824%			
\$	595,899	\$	687,465	\$	666,040	\$	262,412
	<u>1,601,771</u>		<u>1,806,969</u>		<u>1,675,059</u>		<u>1,474,841</u>
\$	<u><u>2,197,670</u></u>	\$	<u><u>2,494,434</u></u>	\$	<u><u>2,341,099</u></u>	\$	<u><u>1,737,253</u></u>
\$	2,715,649	\$	2,477,083	\$	2,273,202	\$	2,241,046
	21.94%		27.75%		29.30%		11.71%
	82.17%		78.00%		78.43%		83.25%

EULA INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 93,343	\$ 82,702	\$ 67,773
Contribution in Relation to the Contractually Required Contribution	<u>(93,343)</u>	<u>(82,702)</u>	<u>(67,773)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 3,428,891	\$ 3,307,775	\$ 2,932,069
Contributions as a percentage of Covered Employee Payroll	2.72%	2.50%	2.31%

NOTE: GASB 68, Paragraph 81, requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

NOTE: In accordance with GASB 68, Paragraph 138, only seven years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement."

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 62,058	\$ 61,083	\$ 57,805	\$ 55,810
<u>(62,058)</u>	<u>(61,083)</u>	<u>(57,805)</u>	<u>(55,810)</u>
\$ <u><u>-</u></u>	\$ <u><u></u></u>	\$ <u><u></u></u>	\$ <u><u></u></u>
\$ 2,725,445	\$ 2,715,649	\$ 2,477,083	\$ 2,273,202
2.28%	2.25%	2.33%	2.46%

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-4

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2021

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
	<u>Plan Year 2020</u>	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>	<u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefit	0.004093966%	0.003578437%	0.003840796%	0.003987874%
District's Proportionate Share of Net Post Employ- ment Benefit Liability (Asset) \$	\$ 1,556,301	\$ 1,692,287	\$ 1,917,744	\$ 1,734,177
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>2,091,296</u>	<u>2,248,671</u>	<u>2,391,034</u>	<u>2,177,411</u>
Total	\$ <u><u>3,647,597</u></u> \$	\$ <u><u>3,940,958</u></u> \$	\$ <u><u>4,308,778</u></u> \$	\$ <u><u>3,911,588</u></u>
District's Covered Payroll	\$ 3,308,656	\$ 2,912,675	\$ 2,725,445	\$ 2,715,649
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	47.04%	58.10%	70.36%	63.86%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

NOTE: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore, the amounts reported for FY 2021 are based on the August 2020 measurement date; FY 2020 are based on the August 2019 measurement date; FY 2019 are based on the August 31, 2018 measurement date; and FY 2018 are based on the August 2017 measurement date.

This schedule shows only the four years for which this information is available. Additional information will be added until 10 years of data are available and reported.

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-5

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS
TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year Ended August 31,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 32,740	\$ 31,111	\$ 25,397	\$ 26,496
Contribution in Relation to the Contractually Required Contribution	<u>(32,740)</u>	<u>(31,111)</u>	<u>(25,397)</u>	<u>(26,496)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered Employee Payroll	\$ 3,428,891	\$ 3,308,656	\$ 2,912,675	\$ 2,732,588
Contributions as a percentage of Covered Employee Payroll	0.95%	0.94%	0.87%	0.97%

NOTE: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

OTHER SUPPLEMENTARY INFORMATION

EULA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2021

Data Control Codes		211 ESEA, Title I Part A, Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA, Title II Part A Training and Recruiting
		<u> </u>	<u> </u>	<u> </u>
	ASSETS			
1110	Cash and cash equivalents	\$	\$ 3,184	\$
1240	Receivables from other governments		18,111	
1260	Due from other funds		2,032	
1000	Total Assets	\$ <u> </u>	\$ <u>23,327</u>	\$ <u> </u>
	LIABILITIES			
2110	Accounts payable	\$	\$ 633	\$
2160	Accrued wages payable		7,229	
2200	Accrued expenditures		143	
2000	Total Liabilities	<u> </u>	<u>8,005</u>	<u> </u>
	FUND BALANCES			
	Restricted fund balance:			
3450	Federal or State funds		15,322	
3470	Capital acquisition and construction obligation			
3600	Unassigned Fund Balance			
3000	Total Fund Balance	<u> </u>	<u>15,322</u>	<u> </u>
4000	Total Liabilities and Fund Balances	\$ <u> </u>	\$ <u>23,327</u>	\$ <u> </u>

266	282	289	410	429	461	Total
ESSER - School Emergency Relief	ESSER - School Emergency Relief III	Title IV Part A	State Instructional Materials	Ready to Read	Campus Activity Funds	Nonmajor Special Revenue Fund
\$ (268)	\$ (35,958)	\$ 263	\$ (5,936)		\$ 99,558	\$ 60,843
268	35,958		5,936			60,273
						2,032
<u>\$</u>	<u>\$</u>	<u>\$ 263</u>	<u>\$</u>	<u>\$</u>	<u>\$ 99,558</u>	<u>\$ 123,148</u>
\$	\$	\$ 263	\$	\$	\$ 3,731	\$ 4,627
						7,229
						143
<u></u>	<u></u>	<u>263</u>	<u></u>	<u></u>	<u>3,731</u>	<u>11,999</u>
						15,322
					95,827	95,827
					95,827	111,149
<u>\$</u>	<u>\$</u>	<u>\$ 263</u>	<u>\$</u>	<u>\$</u>	<u>\$ 99,558</u>	<u>\$ 123,148</u>

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-1 - continued

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - continued
 AUGUST 31, 2021

Data Control Codes		699 Capital Projects Fund		Total Nonmajor Governmental Funds
		<u> </u>		<u> </u>
	ASSETS			
1110	Cash and cash equivalents	\$ 538	\$	61,381
1240	Receivables from other governments			60,273
1260	Due from other funds			2,032
1000	Total Assets	<u>\$ 538</u>	\$	<u>123,686</u>
	LIABILITIES			
2110	Accounts payable		\$	4,627
2160	Accrued wages payable			7,229
2200	Accrued expenditures			143
2000	Total Liabilities			<u>11,999</u>
	FUND BALANCES			
	Restricted fund balance:			
3450	Federal or State funds			15,322
3470	Capital acquisition and construction obligation	538		538
3600	Unassigned Fund Balance			95,827
3000	Total Fund Balance	<u>538</u>		<u>111,687</u>
4000	Total Liabilities and Fund Balances	<u>\$ 538</u>	\$	<u>123,686</u>

EULA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	211 ESEA, Title I Part A, Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA, Title II Part A Training and Recruiting
REVENUES			
5700	Local and intermediate sources	\$	\$ 9,360
5800	State program revenues		1,146
5900	Federal program revenues	118,885	289,558
			9,892
5020	Total Revenues	118,885	300,064
			9,892
EXPENDITURES			
Current:			
0011	Instruction	118,885	9,892
0012	Instructional resources and media services		
0035	Food services		320,406
0036	Extracurricular activities		
0051	Facilities maintenance and operations		
0052	Security and monitoring services		
6030	Total Expenditures	118,885	320,406
			9,892
1100	Excess (Deficiency) of Revenues over (Under) Expenditures		(20,342)
OTHER FINANCING SOURCES (USES)			
7915	Transfers in		32,722
	Total other financing sources (uses)		32,722
1200	Net Change in Fund Balance		12,380
0100	Fund Balance - Beginning		2,942
1300	Increase In Fund Balance		
3000	Fund Balance - Ending	\$	\$ 15,322

266	282	289	410	429	461	Total Nonmajor Special Revenue Funds
ESSER - School Emergency Relief	ESSER - School Emergency Relief III	Title IV Part A	State Instructional Materials	Ready to Read	Campus Activity Funds	
\$	\$	\$	\$	\$	\$ 23,115	\$ 32,475
			23,171	10,330		34,647
<u>65,773</u>	<u>35,958</u>	<u>35,910</u>				<u>555,976</u>
<u>65,773</u>	<u>35,958</u>	<u>35,910</u>	<u>23,171</u>	<u>10,330</u>	<u>23,115</u>	<u>623,098</u>
53,241	35,958	35,910	23,171			277,057
				30		30
					4,248	320,406
12,532						4,248
				10,300		12,532
<u>65,773</u>	<u>35,958</u>	<u>35,910</u>	<u>23,171</u>	<u>10,330</u>	<u>4,248</u>	<u>10,300</u>
					18,867	624,573
						(1,475)
						32,722
						32,722
					18,867	31,247
						2,942
					76,960	76,960
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 95,827</u>	<u>\$ 111,149</u>

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-2 continued

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - continued
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	699	Total Nonmajor Governmental Funds
	Capital Projects Fund	
	<u> </u>	<u> </u>
REVENUES		
5700 Local and intermediate sources	\$	\$ 32,475
5800 State program revenues		34,647
5900 Federal program revenues		<u>555,976</u>
5020 Total Revenues		<u>623,098</u>
EXPENDITURES		
Current:		
0011 Instruction		277,057
0012 Instructional resources and media services		30
0035 Food services		320,406
0036 Extracurricular activities		4,248
0051 Facilities maintenance and operations		12,532
0052 Security and monitoring services		<u>10,300</u>
6030 Total Expenditures	-	<u>624,573</u>
1100 Excess (Deficiency) of Revenues over (Under) Expenditures		<u>(1,475)</u>
OTHER FINANCING SOURCES (USES)		
7915 Transfers in		<u>32,722</u>
Total other financing sources (uses)		<u>32,722</u>
1200 Net Change in Fund Balance		31,247
0100 Fund Balance - Beginning	538	3,480
1300 Increase (Decrease) In Fund Balance		<u>76,960</u>
3000 Fund Balance - Ending	\$ <u>538</u>	\$ <u>111,687</u>

REQUIRED TEA SCHEDULES

EULA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2021

Last Ten Years Ended August 31	1	2	3	10
	Tax Rates		Assessed/ Appraised Value For School Tax Purposes	Beginning Balance 9/1/2020
	Maintenance	Debt Service		
2012 (and prior years)	1.170000	0.1700000	219,017,791 \$	14,020
2013	1.170000	0.1700000	221,696,070	3,388
2014	1.170000	0.1700000	220,945,970	5,504
2015	1.170000	0.1780000	225,599,942	5,609
2016	1.170000	0.2700000	225,562,083	8,017
2017	1.170000	0.2700000	233,839,306	10,721
2018	1.170000	0.2700000	234,025,764	16,236
2019	1.170000	0.2700000	261,268,417	29,449
2020	1.170000	0.2200000	271,646,587	81,762
2021 (School Year Under Audit)	1.068300	0.1900000	279,819,439	
Total			\$	<u><u>174,706</u></u>

	20	31	32	40	50
	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/2021
\$		\$ 59	\$ 11	\$ (367)	\$ 13,583
					3,388
		566	103		4,835
					5,609
		544	99		7,374
		793	144		9,784
		2,007	365	3,591	17,455
		8,149	1,480	728	20,548
		31,303	20,137	727	31,049
	<u>3,520,968</u>	<u>2,904,339</u>	<u>513,105</u>	<u>485</u>	<u>104,009</u>
\$	<u><u>3,520,968</u></u>	<u><u>2,947,760</u></u>	<u><u>535,444</u></u>	<u><u>5,164</u></u>	<u><u>217,634</u></u>

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and intermediate sources	\$ 63,000	\$ 17,000	\$ 9,360	\$ (7,640)
5800	State program revenues	1,400	1,400	1,146	(254)
5900	Federal program revenues	155,000	281,868	289,558	7,690
5020	Total Revenues	219,400	300,268	300,064	(204)
EXPENDITURES:					
0035	Food services	299,249	342,117	320,406	21,711
6030	Total Expenditures	299,249	342,117	320,406	21,711
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(79,849)	(41,849)	(20,342)	21,507
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	79,849	79,849	32,722	(47,127)
	Total Other Financing Sources (Uses)	79,849	79,849	32,722	(47,127)
1200	Net Change in Fund Balance		38,000	12,380	(25,620)
0100	Fund Balance - Beginning	2,942	2,942	2,942	
3000	Fund Balance - Ending	\$ 2,942	\$ 40,942	\$ 15,322	\$ (25,620)

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and intermediate sources	\$ 541,715	\$ 557,715	\$ 536,457	\$ (21,258)
5800	State program revenues	12,728	12,728	11,340	(1,388)
5020	Total Revenues	<u>554,443</u>	<u>570,443</u>	<u>547,797</u>	<u>(22,646)</u>
EXPENDITURES:					
0071	Debt service - Principal on long-term debt	342,300	348,445	341,300	7,145
0072	Debt service - Interest on long-term debt	148,360	142,215	149,359	(7,144)
0073	Debt service - bond issuance cost and fees		500	500	
6030	Total Expenditures	<u>490,660</u>	<u>491,160</u>	<u>491,159</u>	<u>1</u>
1200	Net Change in Fund Balance	63,783	79,283	56,638	(22,645)
0100	Fund Balance - Beginning	<u>886,594</u>	<u>886,594</u>	<u>886,594</u>	
3000	Fund Balance - Ending	<u>\$ 950,377</u>	<u>\$ 965,877</u>	<u>\$ 943,232</u>	<u>\$ (22,645)</u>

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

**STATE COMPENSATORY EDUCATION AND BILINGUAL
EDUCATION PROGRAM EXPENDITURES
FOR THE TEN MONTHS ENDED JUNE 30, 2021**

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?		Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education programs?		No
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$	308,539
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$	179,324

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?		Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?		No
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year?	\$	154
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year (PICs 25, 35)	\$	100

OTHER INFORMATION REQUIRED BY GAO

Merritt, McLane & Hamby, P.C.

500 Chestnut Street, Suite 1645

Abilene, TX 79602

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

To the Board of Trustees
Eula 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 Eula Independent School District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Eula Independent School District's basic financial statements and have issued our report thereon dated September 17, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Eula Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Merritt, McLane & Hamby, P.C.

MERRITT, MCLANE & HAMBY, P.C.

Abilene, Texas
September 17, 2021

EULA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED AUGUST 31, 2021

I. Summary of Auditor's Report

- a. The type of report issued on the financial statements of Eula Independent School District was an unqualified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of Eula Independent School District were disclosed during the audit.

II. Findings Required to be Reported in Accordance with *Government Auditing Standards*.

Findings/Noncompliance

None

EULA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS

YEAR ENDED AUGUST 31, 2021

Prior Year Findings:

None

EULA INDEPENDENT SCHOOL DISTRICT

EXHIBIT L-1

SCHOOLS FIRST QUESTIONNAIRE

AUGUST 31, 2021

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal control over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget:	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	\$