LA VILLA INDEPENDENT SCHOOL DISTRICT

Annual Financial Report
For the ten months ended June 30, 2020

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

5402 Holly Rd. Suite 102 Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002

LA VILLA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE TEN MONTHS ENDED

JUNE 30, 2020

LA VILLA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE 10 MONTHS ENDED JUNE 30, 2020

TABLE OF CONTENTS

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATE OF BOARD

La Villa Independent School District	Hidalgo	108914 .
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school d were reviewed and (check one) ____X__ approved _______ disapproved for the ten months ended , 2020 at a meeting of the Board of Trustees of such school district on the 18th of November, 2020.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are (attach list as necessary)

THIS PAGE LEFT BLANK INTENTIONALLY

Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd, Suite 102
Corpus Christi, Texas 78411
Office (361)980-0482 Fax (361)980-1002

INDEPENDENT AUDITORS' REPORT

La Villa Independent School District
500 East 9th Street
La Villa, Texas 78562

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 La Villa Independent School District, as of and for the ten months ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the La Villa Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the La Villa Independent School District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the ten months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – General Fund, the Schedule of District's Proportionate Share of the Net Pension Liability and the Schedule of the District Contributions – Teacher Retirement System of Texas, the Schedule of the District Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas, the Schedule of District Contributions to the Teacher Retirement System of Texas OPEB Plan, and the related Notes to Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the La Villa Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, the TEA required schedules, and schedule of expenditures of federal awards, *as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the TEA required schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the TEA required schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The combining and individual nonmajor fund financial statements, the TEA required schedules, and schedule of expenditures of federal awards 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 November 18, 2020, on our consideration of the La Villa Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 La villa Independent School District's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas
November 18, 2020

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of La Villa Independent School District, discuss and analyze the District's financial performance during the ten months ended June 30, 2020. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The District's net position was $1,573,561, which is a $715,870 increase compared to last year's balance of $857,691. The decrease is due to the effect of an increase in expenditures in governmental activities.

- During the ten months ended, the District had tax revenues of $1,672,468 which included $1,234,554 and $437,914 for property taxes, levied for general purposes and debt service, respectively.

- The General Fund ended the ten months with a fund balance of $1,639,269 which is an increase of $1,284,124 from the prior year. The Debt Service Fund ended the ten months with a fund balance of $578,529, which represents an increase from the prior year of $499,304. Capital Projects funds had a total fund balance of ($17,886), which was a decrease of ($1,117,066).

- Revenues from governmental activities were $9,695,438, which represents a $1,729,655 increase from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This ten-months ended report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements, and required supplementary information.* The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*. The District maintains one type of proprietary fund, an internal service fund. The Internal service fund is used to report activities of the District's self-insurance program. Because these services predominately benefit governmental rather than business-type functions, the Internal Service Fund is reported with *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund is presented as a single, aggregated presentation in the proprietary fund financial statements.

- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

- *Notes to the financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

- *Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the district's progress in funding its obligation to provide pension benefits to its employees. Immediately following the required supplementary information on pensions are the two budgetary schedules on the general fund and major special revenue fund. The combining statements in connection to nonmajor governmental funds and fiduciary funds are then presented.

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

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1 Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district Government (except) Fiduciary funds) and the district's component units	The activities of the district that are not proprietary or fiduciary	Activities of District similar to private business; self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required Financial Statements	*Statement of Net position* *Statement of Activities*	*Balance Sheet* *Statement of revenues, expenditures & changes in fund balances* Statement of cash flows	*Statement of net position* *Statement of rev, exp,& changes in net position* Statement of flows	*Statement of fiduciary net position* *Statement of in fiduciary net position*
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial	Accrual accounting and economic focus	Accrual accounting economic resources focus

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 (on pages 13 and 14). These 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 (starting on page 15) 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 remaining statements, 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 (starting on page 20) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The section labeled Other Schedules 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 on page 13. Its primary purpose is to show whether the District is better off or worse off 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 ten months while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the ten months ended. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current ten months ended 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 of 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 ten months ended or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) 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 nonfinancial 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, we present the District's one kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 15 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 grants received under the Every Student Succeeds Act 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 governmental funds use the following accounting approach:

- 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 reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

- The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net position on page 18. 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 District implemented GASB Statement #34 in 2001. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental-type activities between current and prior year.

Net position of the District's governmental activities increased from $857,691 to $1,573,561. The increase is due to a reduction in expenditures. 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 ($3,852,063,) at June 30, 2020 which represents a $695,151 increase from prior year. The District's revenues exceeded expenditures by $715,870. The District paid bonds and other long-term debt in the amount of $0. Furthermore, acquired capital assets, including completed capital projects, amounted to a net after disposals, before depreciation, of $7,201,224. The District recorded depreciation in the amount of $461,900. In addition, accumulated depreciation was $7,562,288 as of June 30, 2020. (See note D on page 30)

Total Revenue increased by $1,729,655 during the ten months ended June 30, 2020. Grants and Contributions, accounted for a majority of the increase. Total Expenditures decreased by $735,660 during the year. Significant decreases included Instruction and Facilities Maintenance and Operation.

The District has no business-type activities.

Table 1
LA VILLA INDEPENDENT
SCHOOL DISTRICT

	Governmental Activities		
ASSETS	**2020**	**2019**	**Change**
Cash and Cash Equivalents	$ 1,609,692	$ 2,156,715	$ (547,023)
Property Taxes Receivable (Delinquent)	258,849	235,981	22,868
Allowance for Uncollectible Taxes	(29,457)	(47,557)	18,100
Due from Other Governments	1,325,007	575,528	749,479
Due from Fiduciary Funds	140,277	-	140,277
Total Current Assets:	3,304,368	2,920,667	383,701
Capital Assets:			
Land	147,793	147,793	-
Buildings, Net	16,633,634	9,935,823	6,697,811
Furniture and Equipment, Net	573,423	531,909	41,514
Construction in Progress	-	2,858,423	(2,858,423)
Total Noncurrent Assets	17,354,850	13,473,948	3,880,902
Total Assets	$ 20,659,218	$ 16,394,615	$ 4,264,603
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	79,848	88,814	(8,966)
Deferred Outflow Related to TRS Pension	1,250,143	1,697,652	(447,509)
Deferred Outflow Related to TRS OPEB	898,422	915,510	(17,088)
Total Deferred Outflows of Resources	2,228,413	2,701,976	(473,563)
LIABILITIES			
Accounts Payable	398,441	438,905	(40,464)
Interest Payable	153,532	14,702	138,830
Accrued Wages Payable	251,859	183,037	68,822
Due to Fiduciary Funds	194,362	14,135	180,227
Due to Other Governments	41,173	539,842	(498,669)
Due to Student Groups	2,122	-	2,122
Accrued Expenses	6,783	5,763	1,020
Noncurrent Liabilities			
Due Within One Year	610,330	462,286	148,044
Due in More Than One Year	11,912,847	8,802,173	3,110,674
Net Pension Liability (District's Share)	2,276,575	2,760,416	(483,841)
Net OPEB Liability (District's Share)	3,049,473	3,613,721	(564,248)
Total Liabilities	18,897,497	16,834,980	2,062,517
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow Related to TRS Pension	660,569	261,174	399,395
Deferred Inflow Related to TRS OPEB	1,756,004	1,142,746	613,258
Total Deferred Inflows of Resources	2,416,573	1,403,920	1,012,653
NET POSITION			
Net Investment in Capital Assets	4,831,673	4,209,489	622,184
Restricted for Federal and State Programs	15,421	17,012	(1,591)
Restricted for Debt Service	578,529	79,224	499,305
Restricted for Capital Projects	-	1,099,180	(1,099,180)
Unrestricted	(3,852,062)	(4,547,214)	695,152
Total Net Position	$ 1,573,561	$ 857,691	$ 715,870

Table II
LA VILLA INDEPENDENT
SCHOOL DISTRICT

REVENUES	**Governmental Activities 2020**	**Governmental Activities 2019**	**Change**
Program Revenues:			
Charges for Services	$ 203,876	$ 62,804	$ 141,072
Operating Grants and Contributions	1,283,480	1,238,165	45,315
General Revenues:			
Property Taxes, Levied for General Purposes	1,234,554	1,187,294	47,260
Property Taxes, Levied for Debt Service	437,914	331,206	106,708
Grants and Contributions not Restricted	6,367,633	5,131,570	1,236,063
Investment Earnings	5,074	14,444	(9,370)
Miscellaneous Local and Intermediate Revenues	162,907	-	162,907
Total Revenue	9,695,438	7,965,483	1,729,955
Expenses:			
Instruction	3,885,928	4,151,626	(265,698)
Instructional Resources and Media Services	127,172	123,623	3,549
Curriculum and Instructional Staff Development	391,909	266,900	125,009
Instructional Leadership	-	16,081	(16,081)
School Leadership	507,137	651,754	(144,617)
Guidance, Counseling, and Evaluation Services	292,561	234,970	57,591
Health Services	135,241	123,574	11,667
Student (Pupil) Transporation	120,348	175,783	(55,435)
Food Services	502,670	553,751	(51,081)
Extracurricular Activities	455,211	516,182	(60,971)
General Adminstration	786,569	971,186	(184,617)
Facilities Maintenance and Operations	989,175	1,270,972	(281,797)
Security and Monitoring Services	101,820	107,646	(5,826)
Data Processing Services	234,624	167,812	66,812
Community Services	55,442	34,183	21,259
Debt Service - Interest on Long Terb Debt	308,135	274,145	33,990
Debt Service - Bond Issuance Cost and Fees	76,575	61,549	15,026
Capital Outlay	-	-	-
Other Intergovernmental Charges	9,051	13,491	(4,440)
Total Expenses	8,979,568	9,715,228	(735,660)
Change in Net Position	715,870	(1,749,745)	2,465,615
Net Position - Beginning of Year	857,691	2,607,436	(1,749,745)
Net Position - End of Year	$ 1,573,561	$ 857,691	$ 715,870

Figure 1

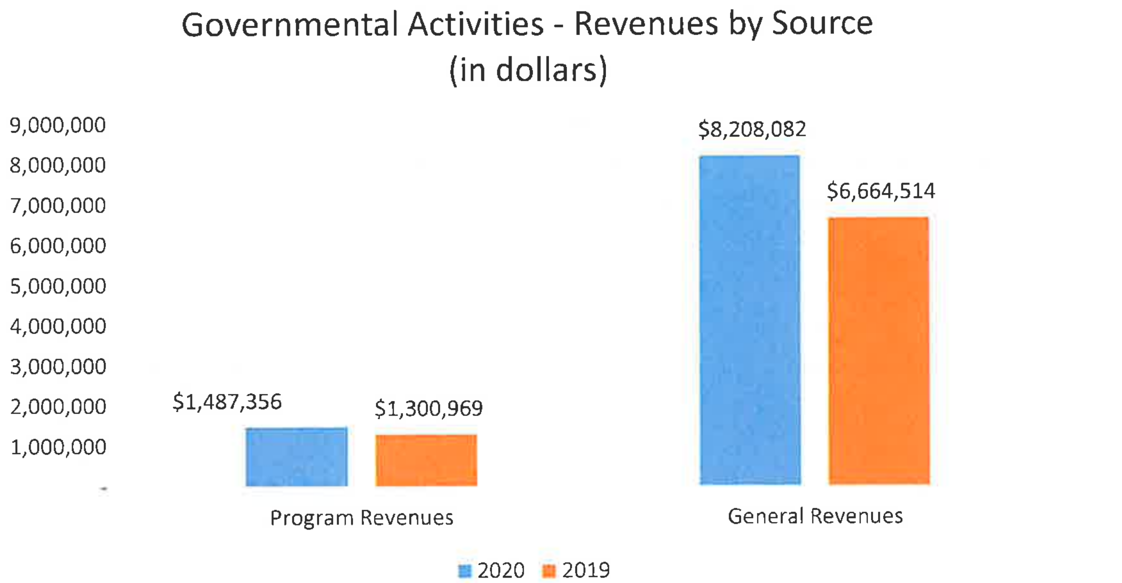
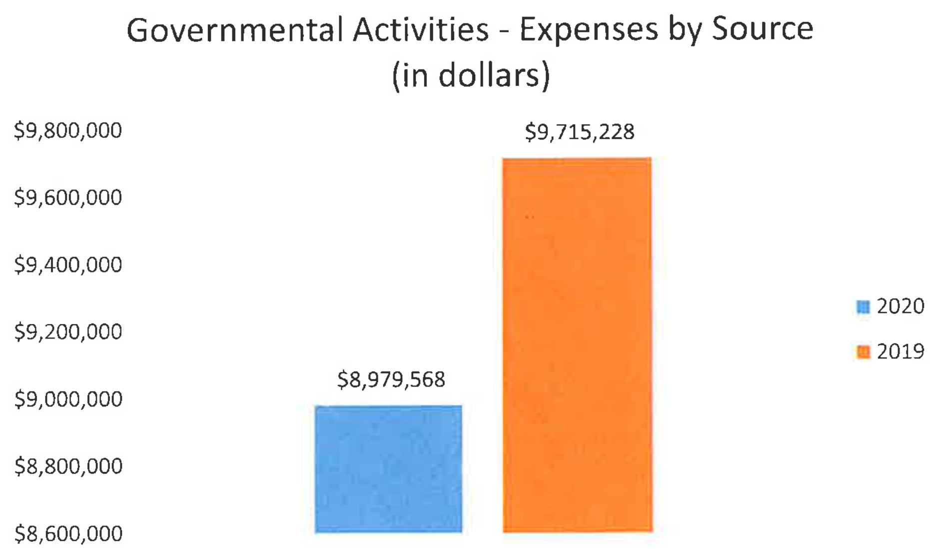


Figure 2



THE DISTRICT'S FUNDS

As the District completed the ten months ended, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of $2,180,235, which represents an increase of $629,674 over last year's total of $1,550,561.

The District's General Fund balance of $1,639,269 reported on page 50, differs from the General Fund's budgetary fund balance of $1,051,903 reported in the budgetary comparison schedule, which is a difference of $587,366.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At ten months ended June 30, 2020, the District had about $20 million invested in a broad range of capital assets, including land, construction in progress, buildings, and furniture & equipment.

The ten months ended major additions included:

	2020	2019
Land	$ 147,793	$ 147,793
Buildings and Improvements	22,782,314	15,760,365
Furniture and Equipment	1,987,033	1,807,758
Construction in Progress	-	2,858,423
Totals at Historical Costs	24,917,140	20,574,339
Accumulated Depreciation	(7,562,288)	(7,100,388)
Total Capital Assets (Net)	$ 17,354,852	$ 13,473,951

More detailed information about the District's capital assets is presented in Note D (page 30) to the financial statements.

Debt

At ten months ended June 30, 2020, the District had $12,523,175 in bonds and other long-term debt outstanding, which had a net increase from the prior year balance of $3,258,717.

More detailed information about the District's long-term liabilities is presented in Note G (page 31) to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Budget

The District changed its fiscal year from September 1 through August 31 to July 1 through June 30, the 2020-2021 budget reflects this change.

Property Values were estimated as HB3 86th legislature amended Section 48.256, Education Code, for using the current, rather than preceding taxable value of property in calculating a district's local share of the FSP. This change applies to all FSP local share calculations including those for the Instructional Facilities Allotment (IFA) and Existing Debt Allotment (EDA) under Chapter 46, Education Code. Plans were made to adjust the property value based on TEAs interpretation of HB3 and County Certified Tax Appraisal values. The preliminary adjusted freeze taxable value used for the 2020-2021 budget increased 2% to $110,353,969 from $108,462,041 in the previous year.

Student enrollment and ADA were budgeted to remain flat at 602 and 548, respectively, due to COVID19 unpredictability.

The following indicators were taken into consideration in developing the general operating fund budget for FY 2020-2021:

- District staff totaled 102 employees in 2020-2021, of which 47 are teachers and 40 are teacher aides, secretaries and clerks;
- For 2020-2021 the Board of Trustees approved a salary step increase of $525 for all teachers plus a $1,000 end of year stipend; and, a $500 end of year stipend for all paraprofessionals, auxiliary and administrative staff;
- For 2020-2021 the Board of Trustees approved an increase in the employer health contribution rate of $19 increasing the annual rate per employee to $4,764 from $4,536.
- The District maintains three (3) campuses for student instruction;
- State Aide will remain as approved by HB3;
- Chapter 313 Agreement with Tera-Gen, LLC will commence in January 2021, a line-item was added to reflect revenue of $54K for FY 2020-2021.

Standard & Poors Rating

The District's 2020 rating with Standard and Poors remains "A-".

Taxes

- The tax rate for Maintenance and Operations (M&O) for FY 2020-2021 is $1.0548 and $.4290 for Interest and Sinking for a total tax rate of $1.4838.

- The preliminary adjusted freeze taxable value used for the 2020-2021 budget increased 2% to $110,353,969 from $108,462,041 in the previous year. The Hidalgo County Appraisal District reviews and assesses property values based on the local real estate market within the District's geographical taxing jurisdiction.

Facilities

The District completed a roofing project during FY 2019-2020, the FY 2020-2021 budget includes a line item for payment on the 2019 Maintenance Tax Notes in the amount of $147,550.

The District completed the Energy Conservation project in FY 2019-2020, the FY 2020-2021 budget includes a line item for payment to SECO in the amount of $28,204.

The District has engaged in a Chapter 313 Agreement with Tera Gen, Inc. The agreement is effective in January 2021, a line item has been added to reflect revenue of $54K for FY 2020-2021.

COVID-19

The full extent of the operational and financial impact the COVID-19 pandemic may have on the District is dependent on its duration and spread as well as any related operational restrictions and the overall economy. Other than adjusting for enrollment and taxable value growth, there were no attempts made to estimate financial impacts or assumptions of legislative funding cuts.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at La Villa Independent School District, P O Box 10, La Villa, Texas, 78588.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

LA VILLA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 1,609,692
1220	Property Taxes - Delinquent	258,849
1230	Allowance for Uncollectible Taxes	(29,457)
1240	Due from Other Governments	1,325,007
1267	Due from Fiduciary Funds	140,277
	Capital Assets:	
1510	Land	147,793
1520	Buildings, Net	16,633,634
1530	Furniture and Equipment, Net	573,423
1000	Total Assets	20,659,218
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred Charge for Refunding	79,848
1705	Deferred Outflow Related to TRS Pension	1,250,143
1706	Deferred Outflow Related to TRS OPEB	898,422
1700	Total Deferred Outflows of Resources	2,228,413
	LIABILITIES	
2110	Accounts Payable	398,441
2140	Interest Payable	153,532
2160	Accrued Wages Payable	251,859
2177	Due to Fiduciary Funds	194,362
2180	Due to Other Governments	41,173
2190	Due to Student Groups	2,122
2200	Accrued Expenses	6,784
	Noncurrent Liabilities:	
2501	Due Within One Year	610,330
2502	Due in More Than One Year	11,912,847
2540	Net Pension Liability (District's Share)	2,276,575
2545	Net OPEB Liability (District's Share)	3,049,473
2000	Total Liabilities	18,897,497
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS Pension	660,569
2606	Deferred Inflow Related to TRS OPEB	1,756,004
2600	Total Deferred Inflows of Resources	2,416,573
	NET POSITION	
3200	Net Investment in Capital Assets	4,831,673
3820	Restricted for Federal and State Programs	15,421
3850	Restricted for Debt Service	578,529
3900	Unrestricted	(3,852,063)
3000	Total Net Position	$ 1,573,561

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

EXHIBIT B-1

LA VILLA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		1	Program Revenues 3	4	Net (Expense) Revenue and Changes in Net Position 6
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 3,885,928	$ 176,345	$ 557,992	$ (3,151,591)
12	Instructional Resources and Media Services	127,172	-	-	(127,172)
13	Curriculum and Instructional Staff Development	391,909	-	189,383	(202,526)
23	School Leadership	507,137	-	3,035	(504,102)
31	Guidance, Counseling and Evaluation Services	292,561	-	168	(292,393)
33	Health Services	135,241	-	37,397	(97,844)
34	Student (Pupil) Transportation	120,348	-	-	(120,348)
35	Food Services	502,670	9,993	449,368	(43,309)
36	Extracurricular Activities	455,211	17,538	-	(437,673)
41	General Administration	786,569	-	258	(786,311)
51	Facilities Maintenance and Operations	989,175	-	-	(989,175)
52	Security and Monitoring Services	101,820	-	-	(101,820)
53	Data Processing Services	234,624	-	-	(234,624)
61	Community Services	55,442	-	45,879	(9,563)
72	Debt Service - Interest on Long-Term Debt	308,135	-	-	(308,135)
73	Debt Service - Bond Issuance Cost and Fees	76,575	-	-	(76,575)
99	Other Intergovernmental Charges	9,053	-	-	(9,053)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 8,979,568	$ 203,876	$ 1,283,480	(7,492,212)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	1,234,554
DT	Property Taxes, Levied for Debt Service	437,914
GC	Grants and Contributions not Restricted	6,367,633
IE	Investment Earnings	5,074
MI	Miscellaneous Local and Intermediate Revenue	162,907
TR	Total General Revenues	8,208,082
CN	Change in Net Position	715,870
NB	Net Position - Beginning	857,691
NE	Net Position - Ending	$ 1,573,561

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

LA VILLA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Data Control Codes		10 General Fund	211 ESEA I, A Imp Basic Program	266 ESSER-School Emerg Relief
	ASSETS			
1110	Cash and Cash Equivalents	$ 872,874	$ 9,663	$ (36,067)
1220	Property Taxes - Delinquent	246,829	-	-
1230	Allowance for Uncollectible Taxes	(26,511)	-	-
1240	Due from Other Governments	889,409	36,466	291,354
1260	Due from Other Funds	801,799	204,808	-
1000	Total Assets	$ 2,784,400	$ 250,937	$ 255,287
	LIABILITIES			
2110	Accounts Payable	$ 258,758	$ -	$ -
2160	Accrued Wages Payable	237,669	14,190	-
2170	Due to Other Funds	415,710	235,196	255,287
2180	Due to Other Governments	7,443	-	-
2190	Due to Student Groups	-	-	-
2200	Accrued Expenditures	5,233	1,551	-
2000	Total Liabilities	924,813	250,937	255,287
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	220,318	-	-
2600	Total Deferred Inflows of Resources	220,318	-	-
	FUND BALANCES			
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3600	Unassigned Fund Balance	1,639,269	-	-
3000	Total Fund Balances	1,639,269	-	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 2,784,400	$ 250,937	$ 255,287

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

50 Debt Service Fund	Other Funds	Total Governmental Funds
$ 554,208	$ 209,014	$ 1,609,692
12,020	-	258,849
(2,946)	-	(29,457)
-	107,778	1,325,007
25,057	54,837	1,086,501
$ 588,339	$ 371,629	$ 4,250,592
$ -	$ 139,683	$ 398,441
-	-	251,859
736	233,657	1,140,586
-	33,730	41,173
-	2,122	2,122
-	-	6,784
736	409,192	1,840,965
9,074	-	229,392
9,074	-	229,392
-	15,421	15,421
578,529	-	578,529
-	(52,984)	1,586,285
578,529	(37,563)	2,180,235
$ 588,339	$ 371,629	$ 4,250,592

LA VILLA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	Total Fund Balances - Governmental Funds	$	2,180,235
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		-
2	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 \$20,574,339 and the accumulated depreciation was (\$7,100,388). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. Note: Beginning Balances related to TRS are NOT included in this amount.		4,283,601
3	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to decrease net position.		(3,429,983)
4	Included in the items related to debt is the recognition of the District's proportionate share of the net position liablity required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,250,143, a deferred resource inflow in the amount of \$660,569, and a net pension liability in the amount of \$2,276,575. This resulted in an increase (decrease) in net position.		(1,687,001)
5	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 \$898,422, a deferred resource inflow in the amount of \$1,756,004, and a net OPEB liability in the amount of \$3,049,473. This resulted in an increase (decrease) in net position.		(3,907,055)
6	The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(461,900)
7	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		4,595,664
19	**Net Position of Governmental Activities**	$	1,573,561

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

THIS PAGE LEFT BLANK INTENTIONALLY

LA VILLA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		10 General Fund	211 ESEA I, A Imp Basic Program	266 ESSER-School Emerg Relief
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 1,361,566	$ -	$ -
5800	State Program Revenues	5,992,957	-	-
5900	Federal Program Revenues	502,007	331,525	255,287
5020	Total Revenues	7,856,530	331,525	255,287
	EXPENDITURES:			
	Current:			
0011	Instruction	2,639,209	151,394	227,849
0012	Instructional Resources and Media Services	107,938	-	-
0013	Curriculum and Instructional Staff Development	149,227	128,361	27,438
0023	School Leadership	437,056	2,651	-
0031	Guidance, Counseling, and Evaluation Services	254,114	-	-
0033	Health Services	77,347	37,397	-
0034	Student (Pupil) Transportation	96,676	-	-
0035	Food Services	436,396	-	-
0036	Extracurricular Activities	408,737	-	-
0041	General Administration	707,528	-	-
0051	Facilities Maintenance and Operations	954,784	-	-
0052	Security and Monitoring Services	92,172	-	-
0053	Data Processing Services	224,841	-	-
0061	Community Services	1,605	11,722	-
	Debt Service:			
0072	Interest on Long-Term Debt	25,071	-	-
0073	Bond Issuance Cost and Fees	76,575	-	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	3,165,230	-	-
	Intergovernmental:			
0099	Other Intergovernmental Charges	9,053	-	-
6030	Total Expenditures	9,863,559	331,525	255,287
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,007,029)	-	-
	OTHER FINANCING SOURCES (USES):			
7911	Capital Related Debt Issued	1,725,000	-	-
7914	Non-Current Loans	1,440,230	-	-
7916	Premium or Discount on Issuance of Bonds	125,923	-	-
7080	Total Other Financing Sources (Uses)	3,291,153	-	-
1200	Net Change in Fund Balances	1,284,124	-	-
0100	Fund Balance - September 1 (Beginning)	355,145	-	-
3000	Fund Balance - June 30 (Ending)	$ 1,639,269	$ -	$ -

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

50 Debt Service Fund	Other Funds	Total Governmental Funds
$ 437,914	$ -	$ 1,799,480
229,094	14,583	6,236,634
-	232,717	1,321,536
667,008	247,300	9,357,650
-	215,437	3,233,889
-	-	107,938
-	33,585	338,611
-	384	440,091
-	168	254,282
-	-	114,744
-	-	96,676
-	-	436,396
-	-	408,737
-	258	707,786
-	495	955,279
-	-	92,172
-	-	224,841
-	34,157	47,484
167,704	-	192,775
-	-	76,575
-	1,116,571	4,281,801
-	-	9,053
167,704	1,401,055	12,019,130
499,304	(1,153,755)	(2,661,480)
-	-	1,725,000
-	-	1,440,230
-	-	125,923
-	-	3,291,153
499,304	(1,153,755)	629,673
79,225	1,116,192	1,550,562
$ 578,529	$ (37,563)	$ 2,180,235

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds	$ 629,673
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	-
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to decrease net position.	(3,429,983)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(461,900)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	4,407,241
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resoruce outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $147,251. Contributions made before the measurement date and druing the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totatling $171,343. Finally, 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 $338,971. The net result in an increase (decrease) in the change in net position.	(363,063)
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 $39,340. 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 poistion totaling $38,911. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net OPEB expense (increased) decreased the change in net position by $66,527. The net result is an increase (decrease) in the change in net position.	(66,098)
Change in Net Position of Governmental Activities	$ 715,870

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

LA VILLA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 39,569
Due from Other Funds	194,362
Total Assets	233,931
LIABILITIES	
Due to Other Funds	140,278
Due to Student Groups	93,653
Total Liabilities	233,931

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

THIS PAGE LEFT BLANK INTENTIONALLY

NOTES TO THE FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of La Villa Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

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 resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, 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.

The District applied Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

1. REPORTING ENTITY

The Board of School Trustees ("Board"), a seven-member group, 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 exclusive 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 by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

2. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are 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 fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This 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 Funds: The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Special Revenue Funds, ESEA Title I, Part A – Improving Basic Programs and Elementary and Secondary School Emergency Relief: The District accounts for resources restricted to, or designated for specific purposes by the District or a grantor in a special revenue fund.

Additionally, the District reports the following fund type(s):

Capital Projects Fund: The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Permanent Funds: The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

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

Debt Service Funds: The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Other Special Revenue Funds: The District accounts 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.

Fiduciary Funds: These funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

2. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorder at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 unrestricted resources first, then restricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continue to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

3. FINANCIAL STATEMENT AMOUNTS

a. Cash and Cash Equivalents

For purpose of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to 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.

	General Fund	Debt Service Fund	Total
Delinquent Taxes	$ 246,829	$ 12,020	$ 258,849
Allowance for Uncollectible Taxes	(26,511)	(2,946)	(29,457)
Net Taxes	$ 220,318	$ 9,074	$ 229,392

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. 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.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide. Certain Payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

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

Asset Class	Estimated Useful Lives
Buildings	20-40
Building Improvements	20-40
Vehicles	8-10
Office Equipment	5-15
Computer Equipment	5-10

e. Receivable and Payable Balances

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.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" Line of the government-wide statement of net assets.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

i. **Fund Balances**

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget.

Committed fund balance amounts differ from restricted balances in that the constraints of their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

j. **Pensions**

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

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No, 38, "Certain Financial Statement Note Disclosures," violation of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
State Instructional Materials Fund	($35,098)	Balance will be addressed in 2020-2021
Capital Projects Fund	($17,886)	Balance will be addressed in 2020-2021

3. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J2 and J3.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. 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 1, 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 it's 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. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	June 30, 2020 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	$ 444,987
Nonappropriated Budget Funds	870,801
All Special Revenue Funds	$ 1,315,788

5. Excess of expenditure over appropriations

The District did not have any excess of expenditures over appropriations, at the legal control by an individual fund.

Fund	Function	Amount of Excess
N/A		

C. 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 period of the contract. 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.

1. Cash Deposits:

At June 30, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $1,649,261 and the bank balance was $3,466,482. The District's cash deposits at June 30, 2020 and during the ten months ended June 30, 2020, were entirely covered by the FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

C. DEPOSITS AND INVESTMENTS (continued)

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("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 practice, 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.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District had no investments at June 30, 2020.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement no. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. 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.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk it they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institutions, 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 ten months end, the District was not exposed to custodial credit risk.

C. DEPOSITS AND INVESTMENTS

c. Concentration of Credit Risk

This is the risk that in interest rates will adversely affect the fair value of an investment. At ten months end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At ten months end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At ten months end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower that AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. CAPITAL ASSETS

Capital asset activity during ten months ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	$ 147,793	$ -	$ -	$ 147,793
Construction In Progress	2,858,423	-	2,858,423	-
Total capital assets not being depreciated	3,006,216	-	2,858,423	147,793
Capital assets being depreciated:				
Buildings and Improvements	15,760,365	7,021,949	-	22,782,314
Furniture and Equipment	1,807,758	179,272	-	1,987,030
Totals capital assets being depreciated	17,568,123	7,201,221	-	24,769,344
Less Accumulated Depreciated for:				
Buildings and Improvements	(5,824,541)	(324,139)	-	(6,148,680)
Furniture & Equipment	(1,275,847)	(137,761)	-	(1,413,608)
Total Accumulated Depreciation	(7,100,388)	(461,900)	-	(7,562,288)
Total capital assets being depreciated, net	10,467,735	6,739,321	-	17,207,056
Governmental Activities capital assets, net	$ 13,473,951	$ 6,739,321	$ 2,858,423	$ 17,354,849

Depreciation was charged to functions as follows:	
Instruction	$ 278,252
Instructional Resources and Media Services	7,621
School Leadership	15,243
Guidance, Counseling, & Evaluating Services	7,621
Health Services	3,788
Student (Pupil) Transportation	16,674
Food Services	26,697
Cocurricular/Extracurricular Activities	19,076
General Adminstration	33,488
Plant Maintenance and Operation	53,440
Total Depreciation Expense	$ 461,900

E. INTERFUND BALANCES AND ACTIVITIES

1. Transfers To and From Other Funds/Due to and From Other Funds

There were no transfers to and from other funds at June 30, 2020.

Due to and from other funds at June 30, 2020, consisted of the following:

Due From	Due To	Amount
Special Revenue Funds	General Fund	$ 425,864
Debt Service Fund	General Fund	233,657
General Fund	Special Revenue Funds	286,702
General Fund	Fiduciary Fund	194,362
Fiduciary Fund	General Fund	140,278
	Total	$ 1,280,863

F. FUND BALANCES

The District has nonspendable, restricted, committed, and unassigned fund balance as follows.

Restricted Fund Balances:		
Federal or State Funds Grant Restriction	$	15,421
Retirement of Long-Term Debt		578,529
Committed Fund Balances		
Construction		-
Unassigned:		1,586,285
Total Fund Balance	$	2,180,235

G. LONG-TERM OBLIGATIONS

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligations Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term Obligations, during the ten months ended June 30, 2020, are as follows:

Description	Maturity Date	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Outstanding 09/01/19	Increases	Decreases	Ending Balance 6/30/2020	Due within one year
2016 Unlimited Tax Refunding Bonds	8/15/2037	2-3.00%	2,160,000	36,675	1,965,000	-	-	1,965,000	80,000
2018 Unlimited Tax Refunding Bonds	8/15/2037	2-4.00%	7,175,000	131,025	6,635,000	-	-	6,635,000	335,000
2019 Maintenance Tax Notes	8/31/2034	3-4.00%	1,725,000	25,071		1,725,000	-	1,725,000	85,000
State Energy Conservation Office - (SECO) Loan-No collateral	8/31/2035	2.0%	1,440,230	-		1,440,230	-	1,440,230	63,043
Net Premium/Discount					664,458	125,923	32,436	757,945	47,286
Total Long-Term Debt				$ 192,771	$ 9,264,458	$ 3,291,153	$ 32,436	$ 12,523,175	$ 610,329
Net Pension Liability					2,760,416	-	483,841	2,276,575	-
Net OPEB Liability					3,613,721	-	564,248	3,049,473	-
Total Other Long-Term Debt				-	6,374,137	-	1,048,089	5,326,048	-
Total Governmental Activities				$ 192,771	$ 15,638,595	$ 3,291,153	$ 1,080,525	$ 17,849,223	$ 610,329

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2020, are as follows:

	Governmental Activities		
Year Ending June 30,	Principal	Interest	Total
2021	563,043	409,994	973,037
2022	610,539	397,703	1,008,242
2023	627,262	375,554	1,002,816
2024	539,021	354,870	893,891
2025	555,815	335,652	891,467
Thereafter	8,869,551	2,357,775	11,227,326
Totals	$ 11,765,231	$ 4,231,548	$ 15,996,779

G. LONG-TERM OBLIGATIONS (continued)

3. Advance Refunding of Debt

On December 8, 2016 the District issued Series 2016 bonds totaling $2,160,000 with interest rates ranging from 2.00% to 3.00% to advance refund $2,170,000 of Series 2007 Bonds with an interest rate of 4.00% to 4.50%. The net proceeds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, $2,170,000 of Series 2007 bonds are considered to be defeased and the liability for those bonds was removed from long-term debt. As a result of the refunding, the cash flows required to service the old debt amounted to $6,807,681 and the cash flow to service the new debt will amount to $6,548,521. The refunding resulted in a savings of $259,160 and a net present value savings of $10,000 (or 0.463% of the principal amount of the Refunded Bonds) which were used to refund the Series 2007 bonds and to pay costs of issuance.

On February 15, 2018 the District issued Series 2018 bonds totaling $7,175,000 with interest rates ranging from 2.00% to 4.00% to advance refund $2,385,000 of Series 2008 Bonds with an interest rate of 4.00% to 4.52%. The net proceeds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, $2,385,000 of Series 2008 bonds are considered to be defeased and the liability for those bonds was removed from long-term debt. As a result of the refunding, the cash flows required to service the old debt amounted to $13,579,123 and the cash flow to service the new debt will amount to $13,374,667. The refunding resulted in a savings of $204,456 and a net present value loss of $4,790,000 (or 0.667% of the principal amount of the Refunded Bonds) which were used to refund the Series 2008 bonds and to pay costs of issuance.

4. Deferred Charge on Refunding

At the government-wide financial statements (Exhibit A-1), the District reports cumulative charges on refunding as net deferred outflows in the amount of $79,848.

H. 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 2017, the District purchased commercial insurance to cover general liabilities. There were no significant reduction in coverage in the past ten months ended and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. PENSION PLAN OBLIGATIONS

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan is 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

B. 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 http://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.

C. 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 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 in (A) above.

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

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for the 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or $2,000, whichever was less.

D. 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.

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 year 2020 thru 2025.

Contribution Rates

	2019	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
La Villa ISD 2020 Employer Contributions		$ 172,632
La Villa ISD 2020 Member Contributions		$ 406,294
La Villa ISD 2019 NECE On-Behalf Contributions		$ 237,157

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 and junior colleges, 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 (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from 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.
- 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 2019.

In addition to the employer contributions listed above, there are two 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 2019 and was replaced with the Public Education Employer Contribution explained above.

E. Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63% Source for the rat 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"
Inflation	2.3%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	Not provided by TRS 2019 CAFR
Benefit Changes during the year	Not provided by TRS 2019 CAFR
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation reported dated November 9, 2018.

F. 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 pension plan investments of 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 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.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

LA VILLA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For The Ten Months Ended June 30, 2020

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation[1]	Long-term Expected Arithmetic Real Rate of Return[2]	Expected Contribution to Long-Term Portfolio Returns[3]
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries[4]	11.0%	16.0%	3.1%
Absolute Return	0.0%	0.0%	0.0%
Hedge Funds (Stable Value)	4.0%	5.0%	4.5%
Real Return			
Global Inflation Linked Bonds[4]	3.0%	0.0%	0.0%
Real Assets	14.0%	15.0%	8.5%
Energy and Natural Resources	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5%[5]
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	0.0%	-6.0%	2.7%
Total	100.0%	100.0%	7.23%

1 Target allocations are based on the Strategic Asset Allocations as of FY 2019.

2 New allocations are based on the Strategic Asset Allocations to be implemented FY 2020.

3 10-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

4 New Target Allocation groups Government Bonds within the stable value allocation. This includes sovereign nominal and inflation-linked bonds

5 5.8% (66.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

G. 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.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
La Villa's proportionate share of the net pension liability:	$ 3,499,426	$ 2,276,575	$ 1,285,829

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

At June 30, 2020, the District reported a liability of $2,276,675 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	$ 2,276,575
State's proportionate share that is associated with the District	3,522,360
Total	$ 5,798,935

The net pension liability was measured as of August 31, 2019 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, 2018 thru August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was .0043794492%. which was an increase (decrease) of -.0006356202% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurements of the total pension liability since the prior measurement period.

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has been changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a $2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or $2,000, whichever is less.

During the ten months ended June 30, 2020, the District recognized pension expense of $1,063,627 and revenue of $553,313 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 9,564	$ 79,046
Changes in actuarial assumptions	706,305	291,879
Difference between projected and actual investment earnings	22,859	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	364,164	289,644
Total as August 31, 2019 measurement date	1,102,892	660,569
Contributions paid to TRS subsequent to the measurement date	147,251	-
Total as of ten months ended	$ 1,250,143	$ 660,569

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:

Fiscal year ended June 30,	Pension Expense Amount
2021	$ 131,263
2022	104,938
2023	123,076
2024	95,382
2025	22,335
Thereafter	(34,671)

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

A. Plan Description

The La Villa Independent School District participates in the Texas Public School Retired Employees 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.

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://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.

C. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all 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 Rx 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.

TRS-CareMonthly for Retirees

	Medicare	Non-Medicare
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

D. 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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .75 percent 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.

Contribution Rates

	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Fudning remitted by Employers	1.25%	1.25%

La Villa ISD 2020 Employer Contributions	$	46,774
La Villa ISD 2020 Member Contributions	$	34,765
La Villa ISD 2019 NECE On-Behalf Contributions	$	60,808

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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $73.6 million in fiscal year 2019.

E. Actuarial Assumptions

The total OPEB liability in the August 31, 2018 was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions: The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of the TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.63%
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement : 70% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue at age 65
Expenses	Third-poarty administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Payroll Growth Rate	Not provided in TRS 2019 CAFR
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	Not provided in TRS 2019 CAFR

Other Information:
The impact of the Cadillac Tax that is returning in fiscal year 2023, has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of $850/$2,292 were indexed annually by 2.30 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption.

F. Discount Rate:

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06 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 contribution entity are made at the statutory 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 benefits payments to determine the total OPEB liability.

G. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
La Villa's proportionate share of the Net OPEB liability:	$ 3,681,694	$ 3,049,473	$ 2,554,889

H. OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2020, the District reported a liability of $3,049,473 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the Net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB liability	$ 3,049,473
State's proportionate share that is associated with the District	4,052,070
Total	$ 7,101,543

The Net OPEB liability was measured as of August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2018 thru August 31, 2019.

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was .0064482887%, which was an increase (decrease) of -.0007891525% from its proportion measured as of August 31, 2018.

Healthcare Cost Trend Rates Sensitivity Analysis

The following schedule shows the impact of the NET OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
La Villa's proportionate share of the Net OPEB liability:	$ 2,487,654	$ 3,049,473	$ 3,802,056

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 (TOL) since the prior measurement period:

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 70 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

During the ten months ended June 30, 2020, the District recognized OPEB expense of $212,234 and revenue of $106,796 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 149,603	$ 499,014
Changes in actuarial assumptions	169,375	820,234
Difference between projected and actual investment earnings	329	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	539,775	436,756
Total as of August 31, 2018 measurement date	859,082	1,756,004
Contributions paid to TRS subsequent to the measurement date	39,340	-
Total as of fiscal year-end	$ 898,422	$ 1,756,004

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

Year ended June 30:	Pension Expense Amount
2021	$ (145,930)
2022	(145,930)
2023	(146,037)
2024	(146,098)
2025	(146,083)
Thereafter	(166,844)

K. MEDICARE PART D-ON BEHALF PAYMENTS

Medicare 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. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The on behalf payments for La Villa Independent School District for 2020, 2019 and 2018 were $14,383, $18,474, and $14,372 respectively.

L. DEFERRED REVENUE

Deferred revenue at June 30, 2020 consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net Tax Revenue	$ 220,318	$ -	$ 9,074	$ 229,392
Total Deferred Revenue	$ 220,318	$ -	$ 9,074	$ 229,392

M. DUE FROM & DUE TO STATE AGENCIES

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 at June 30, 2020, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

FROM FUND	ENTITLEMENTS	GRANTS	TOTAL
General	$ 895,733	$ -	$ 895,733
Special Revenue	-	429,274	429,274
Total	895,733	429,274	1,325,007
DUE TO FUND			
General	7,443	-	7,443
Special Revenue	-	33,730	33,730
	$ 7,443	$ 33,730	$ 41,173

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the ten months ended June 30, 2020, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	$ 1,133,841	$ -	$ 433,484	$ -	$ 1,567,325
Penalties, Interest and Other Tax-related Income	18,775	-	4,430	-	23,205
Investment Income	5,074	-	-	-	5,074
Food Sales	-	-	-	-	-
Co-curricular Student Activities	29,966	-	-	-	29,966
Other	163,917	-	-	-	163,917
Total	$ 1,351,573	$ -	$ 437,914	$ -	$ 1,789,487

O. HEALTH CARE COVERAGE

During the ten months ended June 30, 2020, employees of the District were covered by health insurance plan (the Plan). The District paid premiums of $378 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable October 1, and terms of coverage and premium costs are included in the contractual provisions.

P. COMMITMENTS AND CONTINGENCIES

1. Contingencies

The District participates in grant programs which are governed by various rules 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.

Q. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 18, 2020 the date which the financial statements were available to be issued.

The 2020 COVID-19 (Coronavirus) pandemic has caused extensive disruptions to businesses in America and the entire World. In the face of these disruptions, the fluid situation has become difficult to assess the likely impact to not only the economy in America but also the local economy. The District is striving to be highly attuned and is maintaining a heightened state of readiness for the principal risks and increased uncertainties ahead. Given the potential for rapid spreading of the virus, management will be evaluating the current and potential effects on its operations and financial reporting.

R. MAINTENANCE OF EFFORT-HEALTH CARE

For fully insured districts/entities/risk pools, enter the total amount paid by the district for employee health care premiums as reported to TEA per Note K.

a) Total District Premium paid for health care 2019-2020		$ 339,353
b) Subtract any non-medical expenditures		
Life Insurance	$ 576	
Long-Term Disability	-	
c) 2019-2020 Maintenance of Effort		$ 338,777

S. GASB 63

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets.

T. GASB 68

GASB 68 – establishes standards for accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria as described in GASB 67. This statement replaces the requirements of GASB Statement 27, Accounting for Pensions by State and Local Governmental Employers. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning pension liability

U. FISCAL YEAR CHANGE

The District has elected, and received approval from TEA, to convert from an August 31 to June 30 fiscal year end. For the current ten month period ended June 30, 2020, the District reports ten months of financial operating activity.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,335,830	$ 1,411,668	$ 1,361,566	$ (50,102)
5800	State Program Revenues	6,391,940	6,343,091	5,992,957	(350,134)
5900	Federal Program Revenues	481,200	481,200	502,007	20,807
5020	Total Revenues	8,208,970	8,235,959	7,856,530	(379,429)
	EXPENDITURES:				
	Current:				
0011	Instruction	293,425	3,147,272	2,639,209	508,063
0012	Instructional Resources and Media Services	7,075	108,467	107,938	529
0013	Curriculum and Instructional Staff Development	9,771	176,719	149,227	27,492
0021	Instructional Leadership	-	31,403	-	31,403
0023	School Leadership	14,606	454,575	437,056	17,519
0031	Guidance, Counseling, and Evaluation Services	7,086	254,196	254,114	82
0033	Health Services	3,273	77,819	77,347	472
0034	Student (Pupil) Transportation	72,957	124,253	96,676	27,577
0035	Food Services	247,672	455,161	436,396	18,765
0036	Extracurricular Activities	240,835	418,673	408,737	9,936
0041	General Administration	332,863	804,879	707,528	97,351
0051	Facilities Maintenance and Operations	624,540	1,059,677	954,784	104,893
0052	Security and Monitoring Services	14,880	92,172	92,172	-
0053	Data Processing Services	70,758	234,027	224,841	9,186
0061	Community Services	5,638	35,709	1,605	34,104
	Debt Service:				
0071	Principal on Long-Term Debt	172,540	-	-	-
0072	Interest on Long-Term Debt	-	25,071	25,071	-
0073	Bond Issuance Cost and Fees	-	77,075	76,575	500
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	3,165,230	3,165,230	-
	Intergovernmental:				
0099	Other Intergovernmental Charges	13,177	9,053	9,053	-
6030	Total Expenditures	2,131,096	10,751,431	9,863,559	887,872
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	6,077,874	(2,515,472)	(2,007,029)	508,443
	OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued	-	-	1,725,000	1,725,000
7914	Non-Current Loans	3,212,230	3,212,230	1,440,230	(1,772,000)
7916	Premium or Discount on Issuance of Bonds	-	-	125,923	125,923
8911	Transfers Out (Use)	3,236,304	-	-	-
7080	Total Other Financing Sources (Uses)	6,448,534	3,212,230	3,291,153	78,923
1200	Net Change in Fund Balances	12,526,408	696,758	1,284,124	587,366
0100	Fund Balance - September 1 (Beginning)	355,145	355,145	355,145	-
3000	Fund Balance - June 30 (Ending)	$ 12,881,553	$ 1,051,903	$ 1,639,269	$ 587,366

THIS PAGE LEFT BLANK INTENTIONALLY

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.004379449%	0.005015069%	0.004352636%
District's Proportionate Share of Net Pension Liability (Asset)	$ 2,276,575	$ 2,760,416	$ 1,391,738
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	3,522,360	3,671,699	2,265,158
Total	$ 5,798,935	$ 6,432,115	$ 3,656,896
District's Covered Payroll	$ 6,054,441	$ 4,280,955	$ 4,549,451
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	37.60%	64.48%	30.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: GASB Codification, Vol. 2, P20.183 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, 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.

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

FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.004796722%	0.0042264%	0.0028692%
$ 1,812,610	$ 1,493,976	$ 766,403
2,692,256	2,654,898	2,172,430
$ 4,504,866	$ 4,148,874	$ 2,938,833
$ 4,549,407	$ 4,237,190	$ 2,938,833
39.84%	35.26%	26.08%
78.00%	78.43%	83.25%

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

	2020	2019	2018
Contractually Required Contribution	$ 172,632	$ 196,724	$ 147,082
Contribution in Relation to the Contractually Required Contribution	(172,632)	(196,724)	(147,082)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 5,348,426	$ 6,054,441	$ 4,676,802
Contributions as a Percentage of Covered Payroll	3.23%	3.25%	3.14%

Note: GASB Codification, Vol. 2, P20.183 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.

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

	2017		2016		2015
$	141,252	$	151,669	$	127,544
	(141,252)		(151,669)		(127,544)
$	-	$	-	$	-
$	4,595,307	$	4,540,067	$	4,237,190
	3.07%		3.34%		3.01%

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.006448289%	0.007237441%	0.006113278%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 3,049,473	$ 3,613,721	$ 2,658,435
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	4,052,070	3,766,206	3,367,635
Total	$ 7,101,543	$ 7,379,927	$ 6,026,070
District's Covered Payroll	$ 6,054,714	$ 4,280,955	$ 4,549,451
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	50.37%	84.41%	58.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

	2020	2019	2018
Contractually Required Contribution	$ 46,774	$ 46,345	$ 48,135
Contribution in Relation to the Contractually Required Contribution	(46,774)	(46,345)	(48,135)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 5,348,426	$ 6,054,714	$ 4,676,802
Contributions as a Percentage of Covered Payroll	0.87%	0.77%	1.03%

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.

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINING AND OTHER STATEMENTS

LA VILLA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

Data Control Codes		212 ESEA Title I Part C Migrant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income
	ASSETS				
1110	Cash and Cash Equivalents	$ 61,095	$ 19,691	$ -	$ 53
1240	Due from Other Governments	64,155	-	500	-
1260	Due from Other Funds	50,680	1,517	2,348	-
1000	Total Assets	$ 175,930	$ 21,208	$ 2,848	$ 53
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ 2,258	$ -
2170	Due to Other Funds	150,055	13,614	590	53
2180	Due to Other Governments	25,875	7,594	-	-
2190	Due to Student Groups	-	-	-	-
2000	Total Liabilities	175,930	21,208	2,848	53
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 175,930	$ 21,208	$ 2,848	$ 53

273 Mathematics & Science Partnerships	274 GEAR UP	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	410 State Instructional Materials	428 Safety & Security Grant	429 Technology Lending Grant	461 Campus Activity Funds
$ 4,050	$ 590	$ -	$ -	$ -	$ -	$ 15,814	$ 5,476
-	37,096	5,513	-	-	-	-	514
-	-	-	-	-	-	-	292
$ 4,050	$ 37,686	$ 5,513	$ -	$ -	$ -	$ 15,814	$ 6,282
$ -	$ -	$ 196	$ -	$ 35,098	$ -	$ -	$ -
4,050	37,425	5,317	-	-	-	393	4,160
-	261	-	-	-	-	-	-
-	-	-	-	-	-	-	2,122
4,050	37,686	5,513	-	35,098	-	393	6,282
-	-	-	-	-	-	15,421	-
-	-	-	-	(35,098)	-	-	-
-	-	-	-	(35,098)	-	15,421	-
$ 4,050	$ 37,686	$ 5,513	$ -	$ -	$ -	$ 15,814	$ 6,282

LA VILLA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

Data Control Codes		Total Nonmajor Special Revenue Funds	602 Capital Projects Fund	Total Nonmajor Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 106,769	$ 102,245	$ 209,014
1240	Due from Other Governments	107,778	-	107,778
1260	Due from Other Funds	54,837	-	54,837
1000	Total Assets	$ 269,384	$ 102,245	$ 371,629
	LIABILITIES			
2110	Accounts Payable	$ 37,552	$ 102,131	$ 139,683
2170	Due to Other Funds	215,657	18,000	233,657
2180	Due to Other Governments	33,730	-	33,730
2190	Due to Student Groups	2,122	-	2,122
2000	Total Liabilities	289,061	120,131	409,192
	FUND BALANCES			
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	15,421	-	15,421
3600	Unassigned Fund Balance	(35,098)	(17,886)	(52,984)
3000	Total Fund Balances	(19,677)	(17,886)	(37,563)
4000	Total Liabilities and Fund Balances	$ 269,384	$ 102,245	$ 371,629

THIS PAGE LEFT BLANK INTENTIONALLY

LA VILLA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes	212 ESEA Title I Part C Migrant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income
REVENUES:				
5800 State Program Revenues	$ -	$ -	$ -	$ -
5900 Federal Program Revenues	131,820	19,239	500	-
5020 Total Revenues	131,820	19,239	500	-
EXPENDITURES:				
Current:				
0011 Instruction	97,663	-	-	-
0013 Curriculum and Instructional Staff Development	-	18,939	500	-
0023 School Leadership	-	300	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	34,157	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	131,820	19,239	500	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	$ -	$ -	$ -	$ -

273 Mathematics & Science Partnerships	274 GEAR UP	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	410 State Instructional Materials	428 Safety & Security Grant	429 Technology Lending Grant	461 Campus Activity Funds
$ -	$ -	$ -	$ -	$ 14,583	$ -	$ -	$ -
-	75,916	5,242	-	-	-	-	-
-	75,916	5,242	-	14,583	-	-	-
-	75,406	5,242	-	37,126	-	-	-
-	-	-	-	14,146	-	-	-
-	84	-	-	-	-	-	-
-	168	-	-	-	-	-	-
-	258	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	75,916	5,242	-	51,272	-	-	-
-	-	-	-	(36,689)	-	-	-
-	-	-	-	1,591	-	15,421	-
$ -	$ -	$ -	$ -	$ (35,098)	$ -	$ 15,421	$ -

LA VILLA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes	Total Nonmajor Special Revenue Funds	602 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:			
5800 State Program Revenues	$ 14,583	$ -	$ 14,583
5900 Federal Program Revenues	232,717	-	232,717
5020 Total Revenues	247,300	-	247,300
EXPENDITURES:			
Current:			
0011 Instruction	215,437	-	215,437
0013 Curriculum and Instructional Staff Development	33,585	-	33,585
0023 School Leadership	384	-	384
0031 Guidance, Counseling, and Evaluation Services	168	-	168
0041 General Administration	258	-	258
0051 Facilities Maintenance and Operations	-	495	495
0061 Community Services	34,157	-	34,157
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	1,116,571	1,116,571
6030 Total Expenditures	283,989	1,117,066	1,401,055
1200 Net Change in Fund Balance	(36,689)	(1,117,066)	(1,153,755)
0100 Fund Balance - September 1 (Beginning)	17,012	1,099,180	1,116,192
3000 Fund Balance - June 30 (Ending)	$ (19,677)	$ (17,886)	$ (37,563)

T.E.A. REQUIRED SCHEDULES

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Last 10 Years	(1) Tax Rates Maintenance	(2) Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2011 and prior years	Various	Various	$ 222,763,026
2012	1.033800	0.270000	91,307,398
2013	1.033800	0.270000	95,965,267
2014	1.170000	0.133800	101,944,547
2015	1.170000	0.133800	102,306,675
2016	1.170000	0.133800	72,821,190
2017	1.170000	0.133800	93,848,955
2018	1.170000	0.133800	99,628,786
2019	1.170000	0.313800	102,753,711
2020 (School year under audit)	1.068400	0.415400	108,669,780
1000 Totals June 30, 2020			
July and August 31, 2019 Collections			
TOTALS AUGUST 31, 2019			

* During the fiscal year 2019, the District converted from August 31st to a June 30th year-end. As such 2019 only reflects ten months of data. The information above has been reconciled to reflect twelve months of collection information

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
$ 79,347	$ -	$ 524	$ 85	$ -	$ 78,738
7,771	-	382	100	(189)	7,100
7,444	-	209	55	(292)	6,888
6,792	-	463	53	(287)	5,989
10,061	-	1,065	122	(281)	8,593
8,814	-	1,484	170	354	7,514
16,741	-	4,811	550	554	11,934
28,514	-	8,337	953	(335)	18,889
70,498	-	22,641	6,072	(1,344)	40,441
-	1,587,736	1,093,925	425,324	4,277	72,764
$ 235,981	$ 1,587,736	$ 1,133,841	$ 433,484	$ 2,457	$ 258,849
-	-	15,104	5,586	-	(20,690)
$ 235,981	$ 1,587,736	$ 1,148,945	$ 439,070	$ 2,457	$ 238,159

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 12,000	$ 12,000	$ 9,993	$ (2,007)
5800	State Program Revenues	2,500	2,500	2,057	(443)
5900	Federal Program Revenues	480,000	480,000	447,311	(32,689)
5020	Total Revenues	494,500	494,500	459,361	(35,139)
	EXPENDITURES:				
	Current:				
0035	Food Services	494,500	444,987	426,191	18,796
6030	Total Expenditures	494,500	444,987	426,191	18,796
1200	Net Change in Fund Balances	-	49,513	33,170	(16,343)
0100	Fund Balance - September 1 (Beginning)	5,568	5,568	5,568	-
3000	Fund Balance - June 30 (Ending)	$ 5,568	$ 55,081	$ 38,738	$ (16,343)

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 468,172	$ 468,172	$ 437,914	$ (30,258)
5800	State Program Revenues	258,154	258,154	229,094	(29,060)
5020	Total Revenues	726,326	726,326	667,008	(59,318)
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	750,400	415,000	-	415,000
0072	Interest on Long-Term Debt	-	335,400	167,704	167,696
6030	Total Expenditures	750,400	750,400	167,704	582,696
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,074)	(24,074)	499,304	523,378
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	24,074	24,074	-	(24,074)
1200	Net Change in Fund Balances	-	-	499,304	499,304
0100	Fund Balance - September 1 (Beginning)	79,225	79,225	79,225	-
3000	Fund Balance - June 30 (Ending)	$ 79,225	$ 79,225	$ 578,529	$ 499,304

THIS PAGE LEFT BLANK INTENTIONALLY

REPORTS ON

INTERNAL CONTROLS, COMPLIANCE

AND

FEDERAL AWARDS

THIS PAGE LEFT BLANK INTENTIONALLY

Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd., Suite 102
Corpus Christi, Texas 78411
Office (361)980-0482 Fax (361)980-1002

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*

Independent Auditors' Report

La Villa Independent School District
500 East 9th Street
La Villa, Texas 78562

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 La Villa Independent School District, as of and for the ten months ended June 30, 2020, and the related notes to the financial statements, which collectively comprise La Villa Independent School District's basic financial statements, and have issued our report thereon dated November 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered La Villa 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 La Villa Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of La Villa 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 a 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether La Villa 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 statement 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.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas

November 18, 2020

Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd, Suite 102
Corpus Christi, Texas 78411
Office (361)980-0482 Fax (361)980-1002

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

La Villa Independent School District
500 East 9th Street
La Villa, Texas 78562

Report on Compliance for Each Major Federal Program

We have audited La Villa Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each La Villa Independent School District's major federal programs for the ten months ended June 30, 2020. La Villa Independent School Districts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards by the Uniform Guidance

We have audited the financial statements of La Villa Independent School District as of and for the ten months ended June 30, 2020, and have issued our report thereon dated November 18, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Raul Hernandez & Company, P.C.
Corpus Christi, Texas
November 18, 2020

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	X Yes	____ No

B. Financial Statement Findings
NONE

C. Federal Award Findings and Questioned Costs
NONE

B. Financial Statement Findings
Finding No. 2019-001 Closing of Financial Statements

Criteria: The District's monthly accounting process should include a thorough review and control in spending in the General Fund.

Condition: The District's General Fund balance declined from $1,972,129 to $355,145 for the fiscal year ended August 31, 2019. The ending General fund balance in 2019 represents approximately 4.4% of the annual general fund operating expenditures of $7,935,370. The expenditures exceeded revenues by ($1,616,984), which includes transfers out. If this trend continues, there is increasing potential to put the district in a deficit in the near future.

Cause: The District did not exercise prudent planning by allowing overspending and by not monitoring expenditures carefully in order to avoid potential deficits.

Effect: The District's amended General Fund budget reported a negative net decrease of ($1,783,826) for the fiscal year ended August 31, 2019 in the General Fund. This indicated that the district planned a negative current year deficit; therefore, the district expected to deplete 90% of the General Fund's beginning fund balance.

Recommendation: The District must take immediate steps to prevent a further decline in the General Fund's fund balance. The district should prepare cash flow analysis, which could help monitor and evaluate their immediate financial situation and present periodic updates to Governance. The District should also consider delaying major expenditures next year in order to prevent a budget shortfall.

Management Response:

- The District is well aware of the $1,972,129 loss that will be reported for this year's audit as compared to last year's audit. However, please note that current management came on board as acting superintendent on November 26, 2018, and Chief Financial Officer, Sandra Martinez, was hired in late October of 2018 and the district had a change of leadership at the school board level with all three incumbents losing in October of 2018 as well. Prior to these three significant changes, an unbalanced budget had already been presented and approved in August of 2018 by the previous administration and school board. Aside from that, La Villa I.S.D. had also dealt with declining enrollment and A.D.A. which the District was not accounting for when they would submit their estimated enrollment numbers each year. This would create an issue at the beginning of each school year when the Texas Education Agency would then collect their overpayment to the District which was approximately $500,000 each year. Over the course of the last three years, this has depleted their Fund Balance by approximately $1.5 million dollars. Furthermore, the approximated loss of $500,000 had not been recorded for each of the past three years and now that current administration is recording it as a loss in their current audit it makes it seem as if this school board and administrative team are responsible for the loss when actually they are simply recording the losses that should have been recorded all along. To put it plainly the current administrative team and school board are not the one's responsible for the loss, they are simply the ones that are recording it on the ledger for the first time.

- With the current financial situation being what it is, management recognizes the need for La Villa I.S.D. to take corrective action. Listed below are the steps which are being taken:

- The District is working very closely with campus principals and monitoring their enrollment numbers and A.D.A. to ensure that they meet or exceed their projected numbers for the 2019-2020 school year thus avoiding a negative settle-up at the beginning of the 2020-2021 school year. Consequently, the district anticipates that they should receive a positive settle-up due to an increase of forty-five students in enrollment and a higher A.D.A. percentage for the current school year. Please note that the district's listed Refined A.D.A. is at 513 students but with their increase in enrollment and increase in attendance percentage our year-to-date Refined A.D.A. is currently 583 students.

- The District is conducting a staffing efficiency study by Region One Education Service Center in order to trim their payroll expenses if the study deems it necessary. In recognition of the highest expenditures being tied to personnel, they are also freezing hires for non-critical positions, implementing an Attrition Program, and develop an Attendance Incentive Plan to reduce the cost of substitute teachers.

- This District is also working on a State Energy Conservation Office (SECO) project to reduce their energy costs by retrofitting all of their lighting fixtures with energy efficient lighting as well as replacing over 90% of their HVAC units with new high efficiency units. As part of the SECO project the district will also install automatic shut off thermostats and lighting controls throughout the entire school district which will also decrease their energy consumption costs.

- The District has also engaged in a Chapter 313 agreement with Terra-Gen LLC and anticipates future additional revenue sources as a result of the two windmill farms which are being constructed within La Villa I.S.D.

- La Villa I.S.D. has also improved PEIMS reporting to increase revenue and they have also reduced professional employee travel

- La Villa I.S.D. is also utilizing a financial consultant to help identify areas of concern and to identify possible solutions to increase revenue and reduce cost.

- The District is also consulting with the school finance department from Region One Education Service Center to further explore areas of concern and identify options to increase revenue and decrease expenses by aligning their fiscal calendar to that of the actual school calendar.

- HB3 compressed the tax rate from $1.17 to $1.06; Proposing that the eleven cent (.11) decrease in M&O be added to I&S in order to meet debt obligations.

Current Status: The District has implemented procedures to correct these issues.

LA VILLA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020

N/A

LA VILLA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20 - 610101108914	$ 331,525
ESEA, Title I, Part C - Migratory Children	84.011	20 - 615001108914	131,820
GEAR UP	84.334S	20 - 615001108914	75,916
Title III, Part A - English Language Acquisition	84.365A	20 - 671001108914	500
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20 - 694501108914	19,239
Other Federally Funded Special Revenue Funds	84.369A	20- 680101108914	5,242
Elementary & Secondary School Emergency Relief Fd	84.425D	20 - 521001108914	255,287
Total Passed Through State Department of Education			819,529
TOTAL U.S. DEPARTMENT OF EDUCATION			819,529
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the State Department of Agriculture			
*School Breakfast Program	10.553	71401801	163,178
*National School Lunch Program - Cash Assistance	10.555	71301801	284,132
Total Child Nutrition Cluster			447,310
Total Passed Through the State Department of Agriculture			447,310
TOTAL U.S. DEPARTMENT OF AGRICULTURE			447,310
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,266,839

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LA VILLA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Basis of Presentation:

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

Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Sub-recipients:

During the ten months ended June 30, 2020, the District had no sub-recipients.

Federal Loans and Loan Guarantees:

During the ten months ended June 30, 2020, the District had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance:

During the ten months ended June 30, 2020, the District had no federally funded insurance.

Noncash awards:

During the ten months ended June 30, 2020, the District did not receive noncash-assistance under the National School Lunch Program.

Indirect Cost Rate:

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the ten month period ended June 30, 2020, the District did not elect to use this rate.

Reconciliation from the Schedule of Expenditures of Federal Awards to Exhibit C-3:

Total Federal Award Expended	$ 1,266,839
SHARS	54,697
Exhibit C-3	$ 1,321,536

THIS PAGE LEFT BLANK INTENTIONALLY

SCHOOLS FIRST QUESTIONNAIRE

La Villa Independent School District — Fiscal Year 2020

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? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Govenment 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
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	