



Financial Statements

August 31, 2019

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CERTIFICATE OF BOARD

Abilene Independent School District  
Name of School District

Taylor  
County

221-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved  x  disapproved   for the year ended August 31, 2019, at a meeting of the Board of Trustees of such school district on the 13<sup>th</sup> day of January, 2020.

  
Signature of Board Secretary

  
Signature of Board President



## Independent Auditor's Report

The Board of Trustees  
Abilene Independent School District  
Abilene, Texas

### 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 Abilene Independent School District (the District) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules and OPEB plan schedules on pages 5 through 13 and 56 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The combining nonmajor fund financial statements and the TEA required schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The combining nonmajor fund financial statements, the TEA required schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining nonmajor fund financial statements, the TEA required schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Eide Bailly LLP*

Abilene, Texas  
December 19, 2019

This section of Abilene Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended August 31, 2019. Please read it in conjunction with the District’s financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

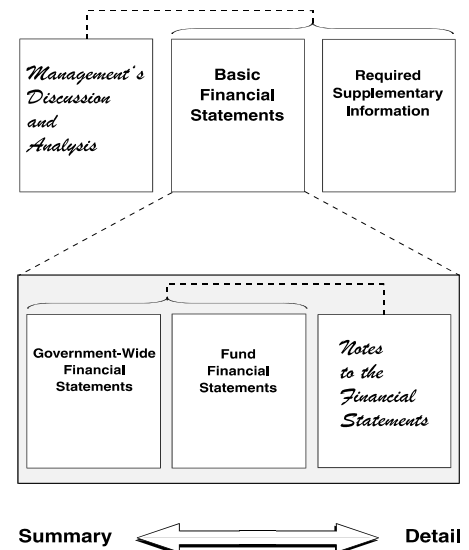
- At August 31, 2019, the District’s combined assets and deferred outflows fell below its liabilities and deferred inflows by \$39.2 million, net position. The unrestricted portion of (\$71.77 million) is due to the recognition of Other Post Employment Benefits (OPEB) on the Government-wide financial statements in accordance with GASB 75. The District’s total net position decreased by \$9.4 million.
- The District’s total net position decreased by \$9.4 million. The primary reason for the decrease is due to GASB 75 and the recognition of (\$66,498,743) of net OPEB liability and (\$21,028,505) of deferred inflows of resources related to the OPEB.
- The General Fund reported a total ending fund balance of \$41.2 million this year, up \$1.6 million from last year. Of the total, \$35.4 million is unassigned and \$1.4 million is committed or assigned for Shotwell improvements and other construction needs.
- In November 2018 voters approved an \$137.679 million bond package for the construction and renovation of District facilities. All of the bonds were issued in February 2019. As of August 31, 2019, over \$19.7 million has been spent. This includes interest that was earned.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – management’s discussion and analysis (this section), the basic financial statements, required supplementary information and an optional section that presents combining statements for non-major governmental funds and TEA required schedules.

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 include the internal service fund, which accounts for the District’s workers compensation self-insurance plan. The activity of the internal service fund is included within the governmental activities in the government-wide 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.





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

**Major Features of the District's Government-Wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to businesses: self-insurance	Instances in which the District is the trustee or agent for someone else's accounts
<i>Required financial statements</i>	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures & changes in fund balances	Statement of net position  Statement of revenues, expenses and changes in fund net position  Statement of cash flows	Statement of fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic measurement focus	Modified accrual accounting and current measurement focus	Accrual accounting and economic measurement focus	Accrual accounting and economic measurement focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or 60 days thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
<i>Type of in flow/out flow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during year or 60 days after the end of year; expenditures when goods or services have been received and payment is due during the year or 60 days thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Government-Wide Statements**

The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, report on the District as a whole and are designed to provide readers with a broad overview of the District's finances. These statements are presented on the accrual basis of accounting similar to the accounting basis used by most private-sector entities.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45. Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined other postemployment benefit (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of this statement has no impact on the District's governmental fund financial statements. More information on the adoption of this statement and the District's OPEB plan is available in Note 4 and 12.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. The Statement of Activities presents the increases and decreases in net position for the current fiscal year regardless of when cash is received or paid. Increases and decreases in net position over time may serve as one indicator of whether the financial position of the District is improving or deteriorating but should be considered with additional factors as well.

The government-wide financial statements of the District include:

- Governmental activities – All of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, state aid revenue and grants finance most of these activities.

### **Fund Financial Statements**

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees established other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- Governmental funds -- Most of the District's basic services are included in governmental funds which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Proprietary funds – The District uses a proprietary fund to track the revenues and expenses related to their workers compensation self-insurance program. The various functions within the District are charged for their part of the insurance, which is then transferred to the proprietary fund. The proprietary fund is used to pay all expenses of the self-insurance program from the charges to the District functions. The

activity in the self-insurance fund is reported in the statement of net position and statement of revenues, expenses and changes in net position of the proprietary fund.

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

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position.** The following table presents comparative information of the government-wide financial statements.

The District's Net Position (in thousands of dollars)			
	Governmental Activities		% Change
	2019	2018	
Current and Other Assets	\$ 146,056	\$ 55,381	163.7%
Capital Assets	159,910	150,574	6.2%
Restricted Assets	39,930	4,018	893.8%
Total assets	345,896	209,973	64.7%
Deferred Outflows of Resources	35,288	12,664	178.6%
Current Liabilities	19,796	14,628	35.3%
Long-Term Liabilities	376,373	209,191	79.9%
Total liabilities	396,169	223,819	77.0%
Deferred Inflows of Resources	24,191	28,560	-15.3%
Net Investment in Capital Assets	28,700	32,371	-11.3%
Restricted	3,891	5,547	-29.9%
Unrestricted	(71,766)	(67,660)	6.1%
Total net position	\$ (39,175)	\$ (29,742)	31.7%

The District's net investment in capital assets of \$28.7 million reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets and any unspent bond proceeds. The District uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position of \$3.891 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(71.766 million) is unrestricted.

At the end of the current fiscal year due to the recognition of the net OPEB liability and related deferred outflows and inflows of resources in accordance with GASB 75, the Abilene Independent School District was not

able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental activities. In prior years when recognition of GASB 75 was not required, Abilene ISD reported a positive net position and would this year without the recognition of the net OPEB liability and related deferred outflows and inflows.

**Changes in net position**

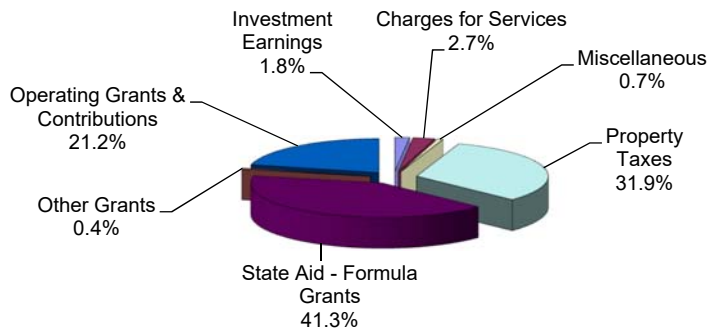
Total combined net position of the District decreased by \$9.4 million during the year ended August 31, 2019. Funding for government-wide activities is through specific program revenues or general revenues such as property taxes and unrestricted grants and contributions.

Unrestricted net position reflects a deficit created by a prior period adjustment resulting from the implementation of GASB 75 in the prior fiscal year for OPEB. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability and related deferred outflows and inflows of resources. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

**Changes in the District's Net Position**  
(in thousands of dollars)

	Governmental Activities		% Change
	2019	2018	
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 4,692	\$ 5,609	-16.3%
Operating grants & contributions	37,249	56,233	-33.8%
Property taxes	55,858	53,581	4.2%
State aid - formula grants	73,236	74,008	-1.0%
Other	4,326	2,020	114.2%
Total revenues	<u>175,361</u>	<u>191,451</u>	-8.4%
<b>Expenses</b>			
Instruction and instructional related activities	102,244	97,607	4.8%
Instructional and school leadership	13,716	16,091	-14.8%
Support services - student (pupil)	32,478	30,923	5.0%
Administrative support services	5,054	5,467	-7.6%
Support services - nonstudent based	20,702	18,521	11.8%
Ancillary services	1,106	999	10.7%
Debt services	8,782	5,067	73.3%
Facilities acquisition & construction	50	1,843	-97.3%
JJAEP/intergovernmental charges	662	578	14.5%
Total expenses	<u>184,794</u>	<u>177,096</u>	4.3%
Increase (Decrease) in Net Position	(9,433)	14,355	
Beginning Net Position	(29,742)	(44,097)	
Ending Net Position	<u>\$ (39,175)</u>	<u>\$ (29,742)</u>	

### Sources of Revenue for Fiscal Year 2019



### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

In the governmental fund financial statements (Exhibit C-2), total governmental fund revenues totaled \$170.7 million, up a little more than \$1 million (less than 1%) from 2018.

- Local revenues were up more than \$4.3 million (10%) mostly due to an increase in property tax collections.
- State program revenues decreased nearly \$1.6 million (1.9%) compared to prior year mostly due to a decrease in state funding.
- Federal revenues were down almost \$1.5 million compared to prior year due to a decrease in SHARS revenue.
- Expenditures in governmental fund types reflected a net increase of \$16.9 million compared to last year. Although there were variances in spending levels across all functional categories, the most significant variance was a \$16.7 million increase in Facilities Acquisition and Construction. Construction projects from the 2018 bond program are near completion and accounted for the decrease in spending.

### Governmental Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to the original General Fund budgeted revenue and expenditures. The original budget included an estimated deficit of \$529,284. During the year, the Board approved amendments that resulted in a final amended deficit budget of \$2.9 million.

In the General Fund, actual expenditures were \$2.6 million (2%) less than the final budgeted amount of \$135.1 million (see Exhibit G-1). Variances resulted from the normal under spending that occurs each year however, most of the variance is a timing factor due to outstanding encumbrances (i.e., purchase orders) which were not paid by year end. This year, outstanding encumbrances totaled \$1,063,567 in the General Fund (see Exhibit C-1, Other Assigned Fund Balance).

General Fund revenues and other resources were more than the \$132.2 million final amended budget by \$1.9

million. A \$4.5 million positive variance resulted between the final amended budgeted deficit of \$2.9 million and the actual increase in fund balance of \$1.6 million.

The Child Nutrition Program had a final amended budgeted increase of \$605,667 (see Exhibit J-2) compared to an actual increase of \$175,993 increasing ending fund balance to \$2,446,452. The Debt Service fund reflected an actual increase of \$789,546 (see Exhibit J-5), increasing fund balance to \$2,076,774.

**Proprietary Fund Highlights**

The only proprietary fund the District operates is the Workers Compensation fund. The Workers Compensation fund had an operating increase of \$270,256 (see Exhibit D-2) increasing fund balance to \$545,594.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2019, the District had \$159.9 million of net capital assets, including land, equipment, buildings and construction in progress (see table below). More detailed information about the District's capital assets is presented in Notes 4 and 8 to the financial statements.

**District's Capital Assets**  
(in thousands of dollars)

	Governmental Activities	
	2019	2018
Land	\$ 2,191	\$ 2,040
Construction in progress	13,747	170
Buildings and improvements	258,259	253,378
Equipment	26,497	29,114
Totals at historical costs	300,694	284,702
Less accumulated depreciation for		
Buildings and improvements	119,014	109,899
Equipment	21,769	24,229
Total accumulated depreciation	140,783	134,128
Net capital assets	\$ 159,911	\$ 150,574

### **Long-Term Debt**

At August 31, 2019, the District had total bonded debt outstanding of \$225.79 million. On March 1, 2012, the District partially refunded the Unlimited Tax School Building Bonds issued in 2004 and 2005. On February 14, 2014, the District issued \$87.68 million of Unlimited Tax School Building Bonds, Series 2014. On September 18, 2014 the District also partially refunded the Unlimited Tax School Building Bonds issued in 2005. On February 15, 2019, the District issued \$126.87 million in Unlimited Tax School Building Bonds, Series 2019. More information on the District's long-term debt is presented in Note 18 to the financial statements.

### **ECONOMIC FACTORS AND BUDGET FOR 2017-2018**

During the 86th Texas Legislative Session in the spring of 2019, the Legislature passed a sweeping and historic school finance bill that provides more money for Texas classrooms, increases teacher compensation, reduces recapture and cuts local property taxes for Texas taxpayers. All of these factors have resulted in a healthy fund balance for the district.

The District approved a strategic plan for 2017-18 that outlined belief statements, strategic priorities, vision and a mission. The strategic plan focuses on student success and the plan has been instrumental in the budget development process. The budget was developed to help the District achieve the mission of the strategic plan, which is to engage and empower each student to be contributing, responsible citizens who reach their full potential through relevant, innovative and rigorous learning experiences.

On November 6, 2018, voters approved a \$138,679,000 bond package for the construction and renovation of District facilities. All of the bonds were issued in 2019. Planning for construction and renovation projects started in December 2018 and will continue until 2022. Construction on a new Austin Elementary and Taylor Elementary began in 2018-19. A new Dyess Elementary and the district's first career and technical education high school named the LIFT, will begin in 2019-20.

Property values increased by 3.4% for 2019-2020 compared to a 3.9% increase the prior year. The 2019-2020 total District tax rate per \$100 of property value is at \$1.3214 with a Maintenance and Operations (M&O) rate of \$0.97 and an Interest and Sinking (I&S) rate of \$0.3514.

The 2019-20 General Fund adopted budget reflects a surplus budget of \$2.5 million. The budget includes an increase in teacher salaries of 6% for teachers with 1-5 years' experience, 7% for teachers with 6-15 years' experience and 8% for teachers with 16+ years' experience. All other staff received a 6% salary increase of midpoint based on the applicable assigned pay grades with the exception of administrative staff. Administrative staff received a 5% increase of midpoint based on the applicable assigned pay grades. In 2019-20 budgeted revenue increased by \$9.6 million over last year. The increase is attributable to the legislative funding change passed in the spring. The Legislature will not meet again until the regular session beginning in January, 2021.

The District continued the contribution amount of \$410 per month for any employee that elects to take the District's health insurance plan.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative office at 241 Pine Street, Abilene, Texas 79601.



Abilene Independent School District

Statement of Net Position (Exhibit A-1)

August 31, 2019

Data Control Codes		Governmental Activities
	<b>Assets</b>	
1110	Cash and cash equivalents	\$ 93,133,051
1120	Current investments	45,759,046
1220	Property taxes receivable (delinquent)	1,546,378
1230	Allowance for uncollectible taxes	(416,460)
1240	Due from other governments	2,651,146
1250	Accrued interest	356,999
1290	Other receivables, net	53,827
1300	Inventories	1,036,241
1410	Prepaid expenses	1,935,751
	<b>Capital Assets</b>	
1510	Land	2,190,893
1520	Buildings and improvements, net	139,244,864
1530	Furniture and equipment, net	4,727,772
1580	Construction in progress	13,746,510
1800	Restricted Assets	39,929,995
1000	Total assets	<u>345,896,013</u>
	<b>Deferred outflows of resources</b>	
1705	Deferred outflows - pension	26,937,753
1706	Deferred outflows - OPEB	7,536,379
1710	Deferred charge for refunding	814,130
1700	Total deferred outflows of resources	<u>35,288,262</u>
	<b>Liabilities</b>	
2110	Accounts payable	4,301,070
2140	Interest payable	3,237,121
2150	Payroll deductions & withholdings	1,274,444
2160	Accrued wages payable	6,913,080
2180	Due to other governments	349,009
2200	Accrued expenses	461,483
2300	Unearned revenues	3,259,447
	<b>Noncurrent liabilities</b>	
2501	Due within one year	5,245,000
2502	Due in more than one year	229,411,462
2516	Premium on issuance of bonds	22,582,982
2540	Net pension liability	52,635,247
2545	Net OPEB liability	66,498,743
2000	Total liabilities	<u>396,169,088</u>

Abilene Independent School District  
Statement of Net Position (Exhibit A-1)  
August 31, 2019

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Data Control Codes		Governmental Activities
	Deferred Inflows of Resources	
2605	Deferred inflows - pension	3,162,571
2606	Deferred inflows - OPEB	21,028,505
2600	Total deferred inflows of resources	24,191,076
	Net Position	
3200	Net investment in capital assets	28,699,527
3820	Restricted for federal and state programs	2,428,769
3850	Restricted for debt service	1,462,169
3900	Unrestricted	(71,766,354)
3000	Total net position	\$ (39,175,889)

Data Control Codes	Functions/Programs	Expenses
	Governmental Activities	
11	Instruction	\$ 96,652,927
12	Instructional resources and media services	2,291,385
13	Curriculum and staff development	3,300,435
21	Instructional leadership	3,412,345
23	School leadership	10,303,268
31	Guidance, counseling, and evaluation services	6,797,216
32	Social work services	1,672,722
33	Health services	2,643,492
34	Student (pupil) transportation	5,524,304
35	Food services	9,616,938
36	Extracurricular activities	6,223,619
41	General administration	5,054,666
51	Facilities maintenance and operations	14,281,042
52	Security and monitoring services	720,228
53	Data processing services	5,701,298
61	Community services	1,106,163
72	Debt service - interest on long term debt	7,576,407
73	Debt service - bond issuance cost and fees	1,206,048
81	Facilities acquisition and construction	49,863
95	Payments to juvenile justice alternative Ed. Prg.	140,510
99	Other intergovernmental charges	520,601
TG	Total governmental activities	<u>184,795,477</u>
TP	Total primary government	<u>\$ 184,795,477</u>

Abilene Independent School District  
Statement of Activities (Exhibit B-1)  
Year Ended August 31, 2019

		Program Revenues		Program Revenues	Net (Expense) Revenue and Changes in Net Position
		3	4	5	6
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Gov. Governmental Activities
		\$ 2,162,026	\$ 17,771,272	\$ -	\$ (76,719,629)
		90,703	280,598	-	(1,920,084)
		-	1,225,505	-	(2,074,930)
		-	713,442	-	(2,698,903)
		-	1,559,481	-	(8,743,787)
		-	1,491,957	-	(5,305,259)
		-	732,828	-	(939,894)
		-	505,030	-	(2,138,462)
		-	548,686	-	(4,975,618)
		1,584,348	7,809,285	-	(223,305)
		836,905	268,402	-	(5,118,312)
		-	839,974	-	(4,214,692)
		17,726	1,020,851	-	(13,242,465)
		-	5,812	-	(714,416)
		-	183,260	-	(5,518,038)
		-	519,391	-	(586,772)
		-	1,772,755	-	(5,803,652)
		-	-	-	(1,206,048)
		-	-	-	(49,863)
		-	-	-	(140,510)
		-	-	-	(520,601)
		<u>4,691,708</u>	<u>37,248,529</u>	<u>-</u>	<u>(142,855,240)</u>
		<u>\$ 4,691,708</u>	<u>\$ 37,248,529</u>	<u>\$ -</u>	<u>(142,855,240)</u>
General Revenues					
Taxes					
MT	Property taxes, levied for general purposes				48,334,007
DT	Property taxes, levied for debt service				7,524,154
SF	State aid - formula grants				72,548,136
GC	Grants and contributions not restricted				688,056
IE	Investment earnings				3,153,105
MI	Miscellaneous local and intermediate revenue				1,173,385
TR	Total general revenues				<u>133,420,843</u>
CN	Change in net position				(9,434,397)
NB	Net position, beginning				<u>(29,741,492)</u>
NE	Net position, ending				<u>\$ (39,175,889)</u>

Abilene Independent School District  
Balance Sheet – Governmental Funds (Exhibit C-1)  
August 31, 2019

Data Control Codes	10 General Fund	699 Capital Projects Fund	Total Nonmajor Funds	98 Total Governmental Funds
<b>Assets</b>				
1110	\$ -	\$ 91,992,626	\$ 1,127,278	\$ 93,119,904
1120	42,192,557	-	2,802,950	44,995,507
1220	1,423,851	-	122,527	1,546,378
1230	(383,462)	-	(32,998)	(416,460)
1240	32,842	-	2,618,304	2,651,146
1250	71,445	284,871	683	356,999
1260	4,386,662	58,339	848,202	5,293,203
1290	16,200	-	37,568	53,768
1300	823,069	-	213,172	1,036,241
1410	6,369	-	1,929,382	1,935,751
1800	2,569,969	34,870,446	2,489,580	39,929,995
1000	<u>51,139,502</u>	<u>127,206,282</u>	<u>12,156,648</u>	<u>190,502,432</u>
1000a	<u>\$ 51,139,502</u>	<u>\$ 127,206,282</u>	<u>\$ 12,156,648</u>	<u>\$ 190,502,432</u>
<b>Liabilities</b>				
2110	\$ 702,527	\$ 3,327,209	\$ 266,834	\$ 4,296,570
2150	1,274,444	-	-	1,274,444
2160	5,936,779	-	976,301	6,913,080
2170	886,993	2,012,851	2,393,359	5,293,203
2180	98,091	-	250,918	349,009
2200	108,337	-	126,495	234,832
2300	111,764	-	3,147,683	3,259,447
2000	<u>9,118,935</u>	<u>5,340,060</u>	<u>7,161,590</u>	<u>21,620,585</u>
<b>Deferred Inflows of Resources</b>				
2600	807,310	-	52,547	859,857
	<u>807,310</u>	<u>-</u>	<u>52,547</u>	<u>859,857</u>
<b>Fund Balance</b>				
3410	823,069	-	213,172	1,036,241
3430	6,369	-	-	6,369
3450	-	-	2,428,769	2,428,769
3470	-	121,866,222	-	121,866,222
3480	2,569,969	-	2,076,774	4,646,743
3510	905,065	-	-	905,065
3545	465,936	-	223,796	689,732
3590	1,063,567	-	-	1,063,567
3600	35,379,282	-	-	35,379,282
3000	<u>41,213,257</u>	<u>121,866,222</u>	<u>4,942,511</u>	<u>168,021,990</u>
4000	<u>\$ 51,139,502</u>	<u>\$ 127,206,282</u>	<u>\$ 12,156,648</u>	<u>\$ 190,502,432</u>

Abilene Independent School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit C-1r)  
 August 31, 2019

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Total Fund Balances - Governmental Funds \$ 168,021,990

The District uses internal service funds to charge the costs of certain activities, such as workers compensation, 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. 545,594

Capital assets, net of accumulated depreciation, are not financial resources and therefore are not reported as assets in the governmental funds. 159,910,039

Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds:

Bonds payable	(231,307,882)	
Deferred charge on refunding	814,130	
Unamortized premiums on bonds payable	(22,582,982)	
Accumulated accretion on capital appreciation bonds	(2,861,427)	
Compensated absences payable	<u>(487,153)</u>	(256,425,314)

Accrued interest is not due and payable in the current year and therefore is not reported as a liability in the governmental funds. (3,237,121)

Certain assets are not available to pay for current year expenditures and therefore are deferred in the funds. These are:

Deferred resource inflow for property taxes	859,857
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The government-wide statements includes the District's proportionate share of the TRS net pension liabilities and TRS-Care net OPEB liabilities, as well as certain pension and OPEB related transactions accounted for as deferred inflows and outflows of resources:

Net pension liability	(52,635,247)	
Deferred outflows of resources - TRS pension	26,937,753	
Deferred inflows of resources - TRS pension	(3,162,571)	
Net OPEB liability	(66,498,743)	
Deferred outflows of resources - TRS-Care OPEB	7,536,379	
Deferred inflows of resources - TRS-Care OPEB	<u>(21,028,505)</u>	(108,850,934)

Net Position of Governmental Activities (See A-1) \$ (39,175,889)

Abilene Independent School District  
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit C-2)  
Year Ended August 31, 2019

Data Control Codes	10 General Fund	699 Capital Projects Fund	Total Nonmajor Funds	98 Total Governmental Funds	
<b>Revenues</b>					
5700	Total local and intermediate sources	\$ 51,654,209	\$ 1,671,611	\$ 10,379,663	\$ 63,705,483
5800	State program revenues	79,176,779	-	2,612,824	81,789,603
5900	Federal program revenues	3,255,240	-	21,933,148	25,188,388
5020	Total revenues	<u>134,086,228</u>	<u>1,671,611</u>	<u>34,925,635</u>	<u>170,683,474</u>
<b>Expenditures</b>					
<b>Current</b>					
0011	Instruction	74,023,943	-	10,613,216	84,637,159
0012	Instructional resources and media services	1,916,546	-	152,857	2,069,403
0013	Curriculum and instructional staff development	2,080,194	-	1,037,652	3,117,846
0021	Instructional leadership	2,731,328	-	455,241	3,186,569
0023	School leadership	8,217,882	-	788,462	9,006,344
0031	Guidance, counseling and evaluation services	5,063,802	-	980,395	6,044,197
0032	Social work services	938,416	-	628,128	1,566,544
0033	Health services	2,027,020	-	312,883	2,339,903
0034	Student (pupil) transportation	4,582,045	-	176,584	4,758,629
0035	Food services	-	-	9,145,224	9,145,224
0036	Extracurricular activities	4,841,886	2,936	215,983	5,060,805
0041	General administration	4,623,410	-	39,173	4,662,583
0051	Facilities maintenance and operations	13,416,578	-	270,415	13,686,993
0052	Security and monitoring services	709,997	-	240	710,237
0053	Data processing services	5,430,562	-	-	5,430,562
0061	Community services	580,395	-	453,435	1,033,830
<b>Debt service</b>					
0071	Principal on long term debt	-	-	4,990,000	4,990,000
0072	Interest on long term debt	361,233	-	4,477,700	4,838,933
0073	Bond issuance cost and fees	-	1,064,464	141,584	1,206,048
<b>Capital outlay</b>					
0081	Facilities acquisition and construction	274,959	18,583,187	-	18,858,146
<b>Intergovernmental</b>					
0095	Payments to juvenile alternative Ed. Prg.	140,510	-	-	140,510
0099	Other intergovernmental charges	520,601	-	-	520,601
6030	Total expenditures	<u>132,481,307</u>	<u>19,650,587</u>	<u>34,879,172</u>	<u>187,011,066</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>1,604,921</u>	<u>(17,978,976)</u>	<u>46,463</u>	<u>(16,327,592)</u>
<b>Other financing sources (uses)</b>					
7911	Issuance of bonds	-	126,019,459	845,541	126,865,000
7912	Sale of real and personal property	15,195	-	13,934	29,129
7916	Premium or (discount) on issuance of bonds	-	13,724,005	92,083	13,816,088
7080	Total other financing sources (uses)	<u>15,195</u>	<u>139,743,464</u>	<u>951,558</u>	<u>140,710,217</u>
1200	Net change in fund balances	1,620,116	121,764,488	998,021	124,382,625
0100	Fund balance, beginning	<u>39,593,141</u>	<u>101,734</u>	<u>3,944,490</u>	<u>43,639,365</u>
3000	Fund balance, ending	<u>\$ 41,213,257</u>	<u>\$ 121,866,222</u>	<u>\$ 4,942,511</u>	<u>\$ 168,021,990</u>

See Notes to Financial Statements

Abilene Independent School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities (Exhibit C-2r)  
 Year Ended August 31, 2019

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Total Net Change in Fund Balances - Governmental Funds	\$ 124,382,625
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The change in net position of internal funds is reported with governmental activities. The net effect of this consolidation is to increase net position.	270,255
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives. Total additions for the current year which were removed from fund expenditures amounted to \$19,795,298. Depreciation expense charged to the statement of activities totaled \$10,459,591. The net effect is an increase in net position.	9,335,707
Amortization of the premiums on the Series 2012, 2014 and 2019 bonds of \$1,232,108 was recorded, which increases net position.	1,232,108
Certain revenues are recorded in the fund financial statements when the revenue is received. In the statement of activities, revenues are recognized when earned regardless of when received. Recognizing deferred tax revenues of \$859,857 and removing the prior year's tax revenue of \$1,016,285 results in a net decrease in net position.	(156,428)
Government funds report debt proceeds and premium on issuance of debt as financing sources when debt is first issued, whereas these are reported as long-term liabilities in the statement of net position. The net effect of reclassing debt proceeds of \$126,865,000 and the premium of \$13,816,088 is to decrease net position.	(140,681,088)
Repayment of bond principal of \$4,990,000 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not an expense on the statement of activities. This increases net position. Net increase in accreted interest on capital appreciation bonds of \$579,771 increases long-term liabilities. The increase in accrued interest payable of \$3,076,780 decreases net position in the government wide financial statements. Finally, amortization of deferred charge on bond refunding of \$313,031 decreases net position. The net result of all of the above adjustments is a net increase to the change in net position.	1,020,418
The increase in compensated absences payable is an expenditure in the governmental funds when paid, but the payment for these is not an expense in the statement of activities. This represents the net decrease to the compensated absences payable.	31,106
Changes in the deferred outflows of resources, deferred inflows of resources and net pension liability must be recorded as expenses. Changes in contributions made after measurement date caused the change in net position to increase in the amount of \$70,785. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$4,209,637. The net effect is a decrease in net position.	(4,138,852)
Changes in the deferred outflows of resources, deferred inflows of resources and net OPEB liability must be recorded as expenses. Changes in contributions made after measurement date caused the change in net position to increase in the amount of \$260,265. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate share of the OPEB expense must be recognized. These cause the change in net position to decrease in the amount of \$990,513. The net effect is a decrease in net position.	(730,248)
Change in Net Position of Governmental Activities (See B-1)	<u>\$ (9,434,397)</u>



Abilene Independent School District  
Statement of Net Position –Proprietary Funds (Exhibit D-1)  
August 31, 2019

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	Governmental Activities
	Internal Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 13,147
Investments - current	763,539
Other receivables	59
	776,745
Total assets	776,745
Liabilities	
Current liabilities	
Accounts payable	4,500
Accrued expenses	226,651
	231,151
Total liabilities	231,151
Net Position	
Unrestricted net position	545,594
Total net position	\$ 545,594

Abilene Independent School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position –Proprietary Funds (Exhibit D-2)  
Year Ended August 31, 2019

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	Governmental Activities Internal Service Fund
Operating revenues	
Local and intermediate sources	\$ 749,225
Total operating revenues	749,225
Operating expenses	
Professional and contracted services	18,000
Other operating costs	475,805
Total operating expenses	493,805
Operating income	255,420
Nonoperating revenues (expenses):	
Earnings from temporary deposits & investments	14,836
Total nonoperating revenues	14,836
Change in net position	270,256
Total net position, beginning	275,338
Total net position, ending	\$ 545,594

Abilene Independent School District  
Statement of Cash Flows –Proprietary Funds (Exhibit D-3)  
Year Ended August 31, 2019

	Governmental Activities
	Internal Service Fund
Operating activities	
Charges for services	\$ 749,428
Cash payments for other operating costs	(18,000)
Cash payments for claims and contracted services	(562,671)
	168,757
Net cash from operating activities	
Investing activities	
Purchases of short-term investments	(212,896)
Interest on investments	14,836
	(198,060)
Net cash used for investing activities	
Net change in cash and cash equivalents	(29,303)
Cash and cash equivalents - beginning of the year	42,450
Cash and cash equivalents - end of the year	\$ 13,147
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 255,420
Adjustments to reconcile operating loss to net cash from operating activities	
Change in assets and liabilities	
Other receivables	203
Accounts payable	4,500
Accrued expenses	(91,366)
	168,757
Net cash from operating activities	\$ 168,757

Abilene Independent School District  
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit E-1)  
August 31, 2019

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	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 493,333</u>
Total assets	<u><u>\$ 493,333</u></u>
Liabilities	
Due to student groups	<u>\$ 493,333</u>
Total liabilities	<u><u>\$ 493,333</u></u>

**Note 1 - Reporting Entity**

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the Abilene Independent School District (the District). The public elects the members of the Board of Trustees. The Trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved for the Trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. There are no component units included within the reporting entity. The financial statements of the District include all activities for which the Board exercises these governance responsibilities.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

**Note 2 - Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes and penalties and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Capital Projects Fund accounts for the bond resources restricted to build, acquire, and renovate major general capital assets, funded by the 2019 bond issuance.

The government reports the following proprietary funds:

- Internal service funds account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs (such as workers compensation insurance) to the users of the support services.

Additionally, the government reports the following nonmajor funds:

- The Special Revenue Funds, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.
- The Debt Service Fund, a governmental fund type, accounts for financial resources that are restricted, committed or assigned for principal and interest on long-term debt of governmental activities.
- Agency funds, a fiduciary fund type, account for resources held for others in a custodial capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the worker's compensation insurance internal service fund are District contributions. Operating expenses include claims expense and administrative expense for administering the insurance fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

#### **Note 4 - Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**

##### **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the District are reported at fair value or amortized cost. The local government investment pools are operated in accordance with appropriate state laws and regulations.

##### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

##### **Inventories**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

##### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the statement of net position. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Furniture and equipment	5-20

### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

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

### **Deferred Outflows/Inflows of Resources**

Deferred outflows/inflows of resources are separate elements of the financial statements. The District has deferred inflows of resources, which arises under the modified accrual basis of accounting, unavailable revenue from property taxes and for its proportionate share of TRS's deferred inflow related to pensions as described in Note 11 and its OPEB liability as described in Note 12. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has deferred outflows of resources for deferred charges on refunded debt, for its proportionate share of TRS's deferred outflow related to pensions as described in Note 11, and for its proportionate share of TRS-Care's deferred outflow related to OPEB as described in Note 12.

### **Pensions**

The fiduciary net position of 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.

### **OPEB**

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 relating 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.

**Restricted Assets**

Certain resources have been set aside for the repayment of bonds payable or for use in construction projects. The assets and related payables are classified as restricted because their use is limited by applicable bond covenants. Restricted assets at August 31, 2019 were as follows:

General Fund- QSCB sinking fund	\$ 2,569,969
2019 Capital Projects Fund- bond proceeds	34,870,446
Debt Service Fund- I&S taxes	<u>2,489,580</u>
	<u><u>\$ 39,929,995</u></u>

**Use of Estimates**

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

**Note 5 - Stewardship, Compliance and Accountability**

**Budgetary Information**

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

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the National Breakfast and Lunch Program Special Revenue Fund. The remaining special revenue funds adopt project-length budgets that do not correspond to the District’s fiscal year.

**Encumbrance Accounting**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. Outstanding encumbrances at August 31, 2019 amounted to \$1,063,567 and are reported as assigned fund balance in the General Fund.

**Note 6 - Fair Value Measurements**

GASB Statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

U.S. government-backed (federal agency) securities are valued using Level 2 inputs that are based on market data obtained from independent sources.

**Note 7 - Detailed Notes on All Funds**

**Deposits**

Under Texas state law, 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.

The District’s investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The District’s management believes that they complied with all significant requirements of the PFIA and the District’s investment policies.

**Custodial Credit Risk-Deposits**

The District’s cash deposits at August 31, 2019 were entirely covered by FDIC insurance and pledged collateral held by the District’s agent bank, First Financial Bank of Abilene, TX, in the District’s name. The District’s cash deposits held at Chase Bank were underinsured by \$15,721 as of August 31, 2019. All other banks utilized were adequately secured.

**Investments**

State statutes and Board policy authorize the District to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 6) fully collateralized repurchase agreements and 7) public funds investment pools. Temporary investments are reported at cost, which approximates market, and are secured, when necessary, by the Federal Deposit Insurance Corporation (FDIC) or obligations of items 1-4 above at 102% of the investment’s market value.

The District’s investments at August 31, 2019 are shown below:

Investment Pools	Amortized Cost	Weighted Average Maturity (Days) *	Rating
TexPool	\$ 33,494,600	35	AAAm
Lone Star Investment Pool: Government Overnight Fund	<u>21,090,502</u>	39	AAA
Total	54,585,102		

\*To arrive at weighted average maturity, the maturity of floating rate and variable rate securities was deemed to be the final maturity of such securities.

Other Investments	Fair Value	Investment Maturity in Years		
		Less than 1 Year	1 - 5	More than 5
U.S. Government Backed Securities Repurchase agreement - agency debentures	\$ 28,533,970	\$ 2,330,083	\$ 26,203,887	\$ -
	<u>2,569,969</u>	<u>2,569,969</u>	<u>-</u>	<u>-</u>
Total	<u>31,103,939</u>	4,900,052	26,203,887	-
Total investments	<u><u>\$ 85,689,041</u></u>			

The following schedule reconciles investments to the fund financial statements:

Reported in Schedule C-1		
1120	Investments - Current	\$ 44,995,507
1800	Restricted Assets	<u>39,929,995</u>
		84,925,502
Reported in Schedule D-1		
	Investments - Current	<u>763,539</u>
Total		<u><u>\$ 85,689,041</u></u>

### Lone Star

Lone Star Investment Pool is governed by an 11-member board and is a AAA rated investment program tailored to the investment needs of local governments within the state of Texas. Lone Star Investment Pool assists governments across Texas make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the Texas Public Funds Investment Act. Lone Star Investment Pool is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. Lone Star is administered by First Public LLC, who also serves as the investment advisor. Lone Star uses amortized cost rather than market value to report net assets to compute share prices. The reported value of the pool is the same as the fair value of the pool shares.

### TexPool

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares. Audited financial statements of the pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

**Concentration of Credit Risk**

The District's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturing scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user.

**Interest Rate Risk**

The District's investment policy states that any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

**Property Tax**

In the fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by January 31 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions) on January 1, 2017, upon which the levy for the August 31, 2019 fiscal year was based, was \$4,670,459,397. Taxes are delinquent if not paid by February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

Current tax collections for the year ended August 31, 2019 were 98.68% of the year-end adjusted tax levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2019, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,129,918. The tax rate to finance general governmental services was \$1.0400 per \$100 and the tax rate to finance the payment of principal and interest on long-term obligations was \$0.1624 per \$100 for the year ended August 31, 2019.

**Due from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. In the fund financial statements, amounts due from federal and state governments as of August 31, 2019 are summarized below.

Fund	State Grants/ Entitlements	Federal Grants	Total
General Fund	\$ -	\$ 32,842	\$ 32,842
Nonmajor Governmental Funds	43,813	2,574,491	2,618,304
	\$ 43,813	\$ 2,607,333	\$ 2,651,146

**Interfund Receivables and Payables**

The composition of interfund balances as of August 31, 2019 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		
Capital Projects Fund	\$ 2,012,851	\$ 58,339
Nonmajor Governmental Funds	2,373,811	828,654
Capital Projects Fund		
General Fund	58,339	2,012,851
Nonmajor Governmental Funds		
General Fund	828,654	2,373,811
Nonmajor Governmental Funds	19,548	19,548
	<u>\$ 5,293,203</u>	<u>\$ 5,293,203</u>
Totals	<u>\$ 5,293,203</u>	<u>\$ 5,293,203</u>

These interfund receivables and payables were recorded to eliminate cash deficit balances and to record temporary borrowings until the fund is reimbursed by grantor agencies.

**Note 8 - Capital Assets**

Capital asset activity for the year ended August 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,040,441	\$ 150,452	\$ -	\$ 2,190,893
Construction in progress	170,340	13,576,170	-	13,746,510
Total capital assets, not being depreciated	2,210,781	13,726,622	-	15,937,403
Capital assets, being depreciated:				
Buildings and improvements	253,377,825	4,881,379	-	258,259,204
Furniture and equipment	29,113,565	1,187,297	(3,803,783)	26,497,079
Total capital assets being depreciated	282,491,390	6,068,676	(3,803,783)	284,756,283
Less accumulated depreciation for				
Buildings and improvements	(109,898,899)	(9,115,441)	-	(119,014,340)
Furniture and equipment	(24,228,940)	(1,344,150)	3,803,783	(21,769,307)
Total accumulated depreciation	(134,127,839)	(10,459,591)	3,803,783	(140,783,647)
Total capital assets being depreciated, net	148,363,551	(4,390,915)	-	143,972,636
Governmental activities capital assets, net	<u>\$ 150,574,332</u>	<u>\$ 9,335,707</u>	<u>\$ -</u>	<u>\$ 159,910,039</u>

Construction in progress consists primarily of the new Austin Elementary and Taylor Elementary campuses. The estimated costs to completion for the campuses is \$20.6 million and \$22.2 million, respectively.

Depreciation expense was charged to the District's functions as follows:

Instruction	\$ 6,490,983
Instructional resources and media	123,406
Institutional leadership	167
School leadership	665,321
Guidance, counseling and evaluation services	328,262
Health services	142,029
Student transportation	683,141
Food service	146,863
Extracurricular activities	985,066
General administration	128,773
Plant maintenance and operations	499,284
Security and monitoring services	7,047
Data processing services	254,958
Community services	4,291
	<hr/>
Total depreciation expense - governmental activities	<u><u>\$ 10,459,591</u></u>

### Note 9 - Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

### Note 10 - Contingencies

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2019, 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.

**Note 11 - Defined Benefit Pension Plan****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). TRS's 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.

**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.

**Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic 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 above.

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.



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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

	Contribution Rates	
	2018	2019
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%

	2018	2019
Member Contributions	\$ 7,868,119	\$ 7,929,220
NECE On-Behalf Contributions	5,032,872	5,015,805
Employer Contributions	3,216,684	3,287,469

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.

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.

### Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual entry age normal
Asset Valuation Method	Market value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate*	N/A*
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

\* If a municipal bond rate was to be used, the rate would be 3.69% as of August 2018 (i.e., the rate closest to but not later than the measurement date). The source for the rate is the Fixed Income Market Date/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."

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2017 and adopted on July 27, 2018.

### Discount Rate

The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date.

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. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below.

**Teacher Retirement System of Texas**  
**Asset Allocation and long-Term Expected Real Rate of Return as of August 31, 2018**

Asset Class	Target Allocation <sup>1</sup>	Long-Term Expected Arithmetic Real Rate of Return <sup>2</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy and Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation			2.3%
Volatility Drag <sup>3</sup>			-0.8%
Total	<u>100.0%</u>		<u>7.2%</u>

<sup>1</sup> Target allocations are based on FY2016 policy model.

<sup>2</sup> Capital market assumptions come from Aon Hewitt (2017 Q4).

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

	in Discount Rate (5.907%)	Discount Rate (6.907%)	in Discount Rate (7.907%)
Total TRS net pension liability	\$ 83,072,220,959	\$ 55,042,426,960	\$ 32,350,646,325
District's proportionate share of the net pension liability	\$ 79,439,209	\$ 52,635,247	\$ 30,935,850

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

At August 31, 2019, the District reported a liability of \$52,635,247 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	\$ 52,635,247
State's proportionate share that is associated with the District	80,725,719
Total	\$ 133,360,966

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. 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, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was .0956267% which was a decrease of .0000766% from its proportion measured as of August 31, 2017.

**Changes Since the Prior Actuarial Valuation**

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

Abilene Independent School District

Notes to Financial Statements

August 31, 2019

- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

For the year ended August 31, 2019, the District recognized pension expense of \$7,989,695 and revenue of \$4,937,559 for support provided by the State.

At August 31, 2019, 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	\$ 328,085	\$ 1,291,461
Changes in actuarial assumptions	18,977,542	593,049
Difference between projected and actual investment earnings	-	998,716
Changes in proportion and difference between District contributions and the proportionate share of contributions	4,344,657	279,345
Contributions paid to TRS subsequent to the measurement date	3,287,469	-
	<u>26,937,753</u>	<u>3,162,571</u>
Total	<u>\$ 26,937,753</u>	<u>\$ 3,162,571</u>

\$3,287,469 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended August 31, 2020.

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

Year Ended August 31	Pension Expense Amount
2020	\$ 5,592,687
2021	3,490,965
2022	2,891,045
2023	3,252,588
2024	3,183,003
Thereafter	2,077,425
	<u>20,487,713</u>
Total	<u>\$ 20,487,713</u>

**Note 12 - Postemployment Health Benefits**

**Plan Description**

The 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.

**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/pd##CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

**Benefits Provided**

TRS-Care provides a basic health insurance program (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 retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 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-retirement benefit changes, including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees  
January 1, 2018 thru December 31, 2018

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

**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 changed based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employee 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			
	2018		2019
Active Employee	0.65%		0.65%
Non-Employer Contributing Entity (State)	1.25%		1.25%
Employers	0.75%		0.75%
Federal/private Funding remitted by Employers	1.25%		1.25%
	2018		2019
Employer Contributions	\$ 664,200	\$	924,465
Member Contributions	766,365		669,357
NECE On-Behalf Contributions	1,247,159		1,124,444

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 hiring a TRS retiree, employers 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 \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

**Actuarial Assumptions**

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension plan actuarial valuation that was rolled forward to August 31, 2018:

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, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate *	3.69%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.30%
Projected Salary Increases **	3.05% to 9.05%
Healthcare Trend Rates ***	4.50% to 11.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

\* Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

\*\* Includes inflation at 2.30%.

\*\*\* Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions on all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of ten years.



**Discount Rate**

A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of 0.27% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
Total TRS net OPEB liability	\$ 59,434,944,462	\$ 49,930,915,470	\$ 42,412,615,881
District's proportionate share of the net OPEB liability	\$ 79,156,351	\$ 66,498,743	\$ 56,485,758

**Healthcare Cost Trend Rate 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%)
Total TRS net OPEB liability	\$ 41,468,438,436	\$ 49,930,915,470	\$ 61,076,180,591
District's proportionate share of the net OPEB liability	\$ 55,228,289	\$ 66,498,743	\$ 81,342,174

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

At August 31, 2019, the District reported a liability of \$66,498,743 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	\$ 66,498,743
State's proportionate share that is associated with the District	<u>81,656,572</u>
Total	<u><u>\$ 148,155,315</u></u>

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the District's proportion of the collective Net OPEB Liability was 0.1331815%, which was an increase of .0035803% from its proportion measured as of August 31, 2017.

### Changes Since the Prior Actuarial Valuation

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

The following were changes in benefit terms since the prior measurement period:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminate free coverage under TRS-Care, expect for certain disability retirees enrolled during Plan Years 2018-2021, requiring members to contribute \$200 per month toward their health insurance premium.

Abilene Independent School District

Notes to Financial Statements

August 31, 2019

For the year ended August 31, 2019, the District recognized OPEB expense of \$2,970,176 and revenue of \$1,126,579 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 3,528,841	\$ 1,049,448
Changes in actuarial assumptions	1,109,684	19,979,057
Difference between projected and actual investment earnings	11,630	-
Changes in proportion and difference between District contributions and the proportionate share of contributions	1,961,759	-
Contributions paid to TRS subsequent to the measurement date	924,465	-
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 7,536,379</u>	<u>\$ 21,028,505</u>

\$924,465 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ended August 31, 2020.

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:

<u>Year Ended August 31</u>	<u>OPEB Expense Amount</u>
2020	\$ (2,373,188)
2021	(2,373,188)
2022	(2,373,188)
2023	(2,375,387)
2024	(2,376,645)
Thereafter	<u>(2,544,995)</u>
Total	<u>\$ (14,416,591)</u>

**Medicare Part D**

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 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 have been recognized as equal revenues and expenditures by the District in the amount of \$395,582, \$403,067 and \$298,966 for the years ended August 31, 2019, 2018 and 2017, respectively.

**Note 13 - Workers Compensation and Health Insurance**

During the year ended August 31, 2019, employees of the District were covered by a third party commercial health insurance (the Plan). The District has paid premiums of \$410 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator acting on behalf of a licensed insurer. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The plan is accounted for in the general fund.

The contract between the District and the third-party administrator is renewable annually on September 1, and terms of coverage and premium costs are included in the contractual provisions.

The District's workers' compensation plan is administered by an independent claims administrator who reviews and processes all workers' compensation claims. The District pays each month an amount equal to the actual paid losses plus a fee based on the number of claimants. The District has in place specific stop loss coverage of \$400,000 for any one accident or occurrence up to a maximum limit of \$1,000,000.

The following is a reconciliation of workers' compensation claims during the previous two years:

	2019	2018
Claims payable beginning of year	\$ 318,017	\$ 232,167
Claims incurred	475,805	578,155
Claims paid	(567,171)	(492,305)
Claims payable end of year	<u>\$ 226,651</u>	<u>\$ 318,017</u>

**Note 14 - Unearned Revenue and Deferred Inflows of Resources**

Unearned revenue at year-end in the fund financial statements consisted of the following:

	General Fund	Other Governmental Funds	Total
August athletic ticket sales, lost textbooks, and parking receipts	\$ 111,764	\$ -	\$ 111,764
State and local grant revenue	-	3,131,581	3,131,581
Federal grant revenue	-	16,102	16,102
	<u>\$ 111,764</u>	<u>\$ 3,147,683</u>	<u>\$ 3,259,447</u>

**Note 15 - Revenues from Local and Intermediate Sources**

For the year ended August 31, 2019, revenues from local and intermediate sources reported in the fund financial statements for governmental fund types consisted of the following:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 48,470,655	\$ -	\$ 7,543,934	\$ 56,014,589
Food sales	-	-	1,584,348	1,584,348
Investment income	1,268,914	1,671,611	197,744	3,138,269
Penalties, interest & other tax related income	421,471	-	56,112	477,583
Co-curricular student activities	634,857	-	202,048	836,905
Tuition and fees	54,309	-	1,615	55,924
Gifts and bequests	46,300	-	301,690	347,990
Other	757,703	-	492,172	1,249,875
	<u>\$ 51,654,209</u>	<u>\$ 1,671,611</u>	<u>\$ 10,379,663</u>	<u>\$ 63,705,483</u>

**Note 16 - Accumulated Unpaid Sick Leave Benefits**

The District established a policy to pay accumulated local sick leave upon retirement or after an employee resigns and has at least ten years of service with Abilene Independent School District. The employee will receive pay for up to 50 accumulated local sick days at a rate to be established by the Board. This obligation was estimated to be \$487,153 at August 31, 2019 for eligible employees and is recorded as other long-term liabilities in the government wide statement of net position.

**Note 17 - Shared Services Arrangements**

The District is the fiscal agent for three Shared Service Arrangements (“SSA”) which provide adult education and assistance to deaf students. All services, facilities, and administration are provided by the District for the other school districts in the region. Funding is received directly from the state. According to the guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund 431, Shared Service Arrangements - Adult Education Basic State.

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides an Adult Education Program for students to the member counties listed below. All services are provided by the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue fund 309 and is accounted for using Model 3 in the SSA section of the Resource Guide.

Brown County  
Callahan County  
Coleman County  
Comanche County  
Eastland County  
Fisher County  
Haskell County  
Jones County  
Kent County  
Knox County

Mitchell County  
Nolan County  
Runnels County  
Scurry County  
Shackelford County  
Stephens County  
Stonewall County  
Taylor County  
Throckmorton County

The District participates in a shared services arrangement (“SSA”) for the Regional Day School Program through fund 496 with the school districts listed below.

Albany ISD  
Anson ISD  
Cisco ISD  
Clyde ISD  
Colorado ISD  
Comanche ISD  
Hawley ISD

Merkel ISD  
Ovalo CISD  
Ranger ISD  
Snyder ISD  
Stamford ISD  
Trent ISD  
Wylie ISD

**Note 18 - Debt**

**Bonds**

On February 15, 2019, the District issued \$126,865,000 in Unlimited Tax School Building Bonds, Series 2019. Proceeds from the sale of the bonds will be used to construct, acquire, renovate and equip school buildings in the District, and to pay costs associated with the issuance of the bonds. The bonds were issued at a premium of \$13,816,088. The 2019 bonds issued consisted of current interest bonds with rates ranging from 4.0% - 5.0% paid through 2044. The District designates a portion of its tax rate for debt service in order to comply with the ordinance to create from such tax revenues, a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due.

Debt service requirements on bonds payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 5,245,000	\$ 12,649,022	\$ 17,894,022
2021	7,320,000	9,642,750	16,962,750
2022	8,965,000	9,235,625	18,200,625
2023	9,420,000	8,776,000	18,196,000
2024	9,640,000	8,315,050	17,955,050
2025-2029	47,576,787	38,496,363	86,073,150
2030-2034	52,326,095	32,799,379	85,125,474
2035-2039	46,645,000	13,601,025	60,246,025
2040-2044	38,655,000	4,986,350	43,641,350
	<u>\$ 225,792,882</u>	<u>\$ 138,501,564</u>	<u>\$ 364,294,446</u>

**Maintenance Tax Notes and Contractual Obligations**

On March 10, 2011 the District issued a \$5,515,000 Qualified School Construction Maintenance Tax and Revenue Note, Taxable Series 2011 with the full principal of the Note maturing February 15, 2026. Proceeds will be used to renovate and repair instructional facilities in the District. The Note has an interest rate of 6.55% but is eligible for an interest rate subsidy of 5.46% due to the Note being characterized as a Qualified School Construction Bond as defined by Section 54F of the Internal Revenue Code of 1986. Therefore, the resulting net supplementary interest rate of the Note is 1.09%.

The District created a sinking fund by entering into a repurchase agreement to service the Note. The repurchase agreement calls for annual payments of \$250,762 the first year and \$276,644 until the maturity date of February 15, 2026 and will yield an interest rate of 4.01%. Total payments from general operating funds, including the supplementary interest, to repay the \$5,515,000 Note will be \$5,021,312. The sinking fund balance as of August 31, 2019 was \$2,569,969.

Presented below is a summary of the sinking fund requirements:

Fiscal Year	Annual Requirements
2020	\$ 276,644
2021	276,644
2022	276,644
2023	276,644
2024	276,644
2025-2026	553,288
 Total sinking fund requirements	 \$ 1,936,508



Abilene Independent School District  
Notes to Financial Statements  
August 31, 2019

Long-term debt of the District is reflected in the statement of net position at August 31, 2019. A summary of the changes in long-term liabilities follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Unlimited Tax Refunding Bonds, Series 2012	\$ 16,120,000	\$ -	\$ (4,960,000)	\$ 11,160,000	\$ 2,605,000
Unlimited Tax School Bldg Bonds, Series 2014 Current Interest Bonds	70,855,000	-	(30,000)	70,825,000	2,640,000
Unlimited Tax School Bldg Bonds, Series Capital Appreciation Bonds 2014	10,592,882	-	-	10,592,882	-
Unlimited Tax School Refng Bonds, Series 2014	6,350,000	-	-	6,350,000	-
Unlimited Tax School Bldg Bonds, Series 2019	-	126,865,000	-	126,865,000	-
<b>Bonds payable-subtotal</b>	<b>103,917,882</b>	<b>126,865,000</b>	<b>(4,990,000)</b>	<b>225,792,882</b>	<b>5,245,000</b>
Accretion on CAB, Series 2014	2,281,656	579,771	-	2,861,427	-
Unamortized Premium on Bonds, Series 2012	2,059,579	-	(457,684)	1,601,895	-
Unamortized Premium on Bonds, Series 2014 Building	7,421,252	-	(424,071)	6,997,181	-
Unamortized Premium on Bonds, Series 2014 Refunding	518,171	-	(74,025)	444,146	-
Unamortized Premium on Bonds, Series 2019 Building	-	13,816,088	(276,328)	13,539,760	-
<b>Subtotal</b>	<b>12,280,658</b>	<b>14,395,859</b>	<b>(1,232,108)</b>	<b>25,444,409</b>	<b>-</b>
<b>Net bonds payable</b>	<b>116,198,540</b>	<b>141,260,859</b>	<b>(6,222,108)</b>	<b>251,237,291</b>	<b>5,245,000</b>
Qualified School Construction Maintenance Tax and Revenue Notes, Series 2011	5,515,000	-	-	5,515,000	-
Compensated absences	518,259	-	(31,106)	487,153	-
Net pension liability	30,600,763	25,291,591	(3,257,107)	52,635,247	-
Net OPEB liability	56,358,693	11,058,812	(918,762)	66,498,743	-
<b>Other long-term liabilities-subtotal</b>	<b>87,477,715</b>	<b>36,350,403</b>	<b>(4,206,975)</b>	<b>119,621,143</b>	<b>-</b>
<b>Total long-term liabilities</b>	<b>\$ 209,191,255</b>	<b>\$ 177,611,262</b>	<b>\$ (10,429,083)</b>	<b>\$ 376,373,434</b>	<b>\$ 5,245,000</b>

Unamortized bond premiums on the 2012, 2014 and 2019 Series bonds are reported with long-term bonds payable on the statement of net position.

Bonds payable, maintenance notes and compensated absences are typically liquidated through payments made by the following funds: General Fund, Capital Projects Fund and Debt Service Fund.

Pension and OPEB liabilities are typically liquidated through contributions to TRS made by the following funds: General Fund; Childcare Development Block Grant; Head Start; ESEA Title X, Pt. C Homeless; ESEA I, A Improving Basic Program, IDEA Part B Formula; IDEA Part B Preschool; IDEA Part B Discretionary; National Breakfast and Lunch Program; Summer Feeding Program; Career and Technical-Basic Grant; ESEA II, A Training and Recruiting; Early Head Start; Child & Adult Care Food Program; Summer School LEP; SSA Adult Basic Education; SSA TANF Family Assistance; State Textbook Fund; CCPO; Adult Basic Education State; State Deaf; Other State Funded Special Revenue Funds; and Other Local Special Revenue Funds.

### **Note 19 - Fund Balance**

The District classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions:

- Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At August 31, 2019, the District had \$1,036,241 and \$6,369 in nonspendable fund balance for inventory and prepaid items, respectively.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. As of August 31, 2019, \$2,428,769 was restricted for other federal and state grants. Fund balance restricted for the retirement of funded indebtedness totaled \$4,646,743 as of August 31, 2019. Fund balance restricted for capital acquisition and contractual obligation totaled \$121,866,222.
- Committed fund balance is established and modified by a resolution from the District's Board, the District's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At August 31, 2019, the District had \$905,065 committed for future construction projects, \$465,936 committed for future Shotwell Stadium improvements, and \$223,796 committed for campus activity funds.
- Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the Superintendent. At August 31, 2019, the District had fund balance assigned for open encumbrances of \$1,063,567 in the General Fund.
- Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District uses restricted amounts first when both restricted and unrestricted fund balance are available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Note 20 - General Fund Federal Source Revenues**

Revenues from federal sources, which are reported in the General Fund, consist of:

Program or Service	CFDA	Amount
ROTC reimbursement	12.000	\$ 87,967
School Health and Related Services	n/a	2,107,717
Impact Aid, Public Law 81-874	84.041	271,385
QSCB interest subsidy	n/a	282,450
Indirect costs		
Title I - Part A	84.010	229,042
IDEA B Formula	84.027	180,663
IDEA B Discretionary	84.027	1,463
IDEA B Preschool	84.173	6,978
Carl D Perkins Basic Grant Formula	84.048	9,199
Title II, Part A - Teacher, Principal, Training & Recruitment	84.367	28,702
Title IV - Part A	84.424	8,407
AEL Adult Education & Literacy	84.002A	37,682
AEL Temporary Assistance for Needy Families	93.558	3,585
Total		<u>\$ 3,255,240</u>

**Note 21 - Deferred Compensation Plan**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Until paid or made available to the employee or another beneficiary, all amounts of compensation deferred under the plan, investments purchased with those amounts and all income attributable to those investments are held in trust and are not subject to the claims of the District's general creditors. The District does not have fiduciary responsibility for the plan and therefore it is not reported as a pension trust fund in the District's financial statements. Participant's rights under the plan are equal to the fair value of the deferred account for each participant.



Required Supplementary Information  
August 31, 2019

# Abilene Independent School District

Abilene Independent School District  
 Budgetary Comparison Schedule – General Fund (Exhibit G-1)  
 Year Ended August 31, 2019

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP) Basis	Variance With Final Budget
		Original	Final		Positive or (Negative)
Revenues					
5700	Total local and intermediate sources	\$ 50,219,149	\$ 50,273,237	\$ 51,654,209	\$ 1,380,972
5800	State program revenues	78,618,275	78,818,275	79,176,779	358,504
5900	Federal program revenues	3,116,000	3,116,000	3,255,240	139,240
5020	Total revenues	131,953,424	132,207,512	134,086,228	1,878,716
Expenditures					
Current					
0011	Instruction	75,270,306	74,341,176	74,023,943	317,233
0012	Instructional resources and media services	1,904,025	1,960,358	1,916,546	43,812
0013	Curriculum and instructional staff development	1,859,382	1,911,353	2,080,194	(168,841)
0021	Instructional leadership	3,094,149	3,028,408	2,731,328	297,080
0023	School leadership	8,704,003	8,620,218	8,217,882	402,336
0031	Guidance, counseling and evaluation services	5,104,168	5,102,394	5,063,802	38,592
0032	Social work services	887,480	887,480	938,416	(50,936)
0033	Health services	2,002,464	2,000,852	2,027,020	(26,168)
0034	Student (pupil) transportation	4,014,006	4,423,133	4,582,045	(158,912)
0036	Extracurricular activities	3,590,506	5,093,059	4,841,886	251,173
0041	General administration	4,934,987	4,939,246	4,623,410	315,836
0051	Facilities maintenance and operations	13,970,521	14,069,321	13,416,578	652,743
0052	Security and monitoring services	403,177	711,038	709,997	1,041
0053	Data processing services	5,124,081	5,969,756	5,430,562	539,194
0061	Community services	609,453	615,489	580,395	35,094
Debt service					
0072	Interest on long term debt	380,000	380,000	361,233	18,767
Capital outlay					
0081	Facilities acquisition and construction	-	317,902	274,959	42,943
Intergovernmental					
0095	Payments to juvenile alternative Ed. Prg.	130,000	142,000	140,510	1,490
0099	Other intergovernmental charges	500,000	600,000	520,601	79,399
6030	Total expenditures	132,482,708	135,113,183	132,481,307	2,631,876
1100	Excess (deficiency) of revenues over (under) expenditures	(529,284)	(2,905,671)	1,604,921	4,510,592
Other financing sources (uses)					
7912	Sale of real and personal property	-	-	15,195	15,195
7080	Total other financing sources (uses)	-	-	15,195	15,195
1200	Net change in fund balances	(529,284)	(2,905,671)	1,620,116	4,525,787
0100	Fund balance - beginning	39,593,141	39,593,141	39,593,141	-
3000	Fund balance - ending	\$ 39,063,857	\$ 36,687,470	\$ 41,213,257	\$ 4,525,787

Abilene Independent School District

Schedule of District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas (Exhibit G-2)  
Year Ended August 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.095626682%	0.095703310%	0.094585349%	0.100625900%	0.064298800%
District's proportionate share of net pension liability	\$ 52,635,247	\$ 30,600,763	\$ 35,742,397	\$ 35,569,916	\$ 17,175,099
State's proportionate share of the net pension liability associated with the District	<u>80,725,719</u>	<u>48,982,745</u>	<u>60,001,221</u>	<u>56,952,497</u>	<u>49,522,165</u>
Totals	<u>\$ 133,360,966</u>	<u>\$ 79,583,508</u>	<u>\$ 95,743,618</u>	<u>\$ 92,522,413</u>	<u>\$ 66,697,264</u>
District's covered payroll	\$ 102,183,362	\$ 100,562,501	\$ 98,232,144	\$ 95,430,501	\$ 92,180,591
District's proportionate share of net pension liability as a percentage of its covered payroll	51.51%	30.43%	36.39%	37.27%	18.63%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability with is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2014.

Abilene Independent School District  
Schedule of District's Contributions – Teacher Retirement System to Texas (Exhibit G-3)  
Year Ended August 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 3,287,469	\$ 3,216,684	\$ 3,136,596	\$ 3,005,216	\$ 2,979,577
Contribution in relation to the contractually required contributions	<u>(3,287,469)</u>	<u>(3,216,684)</u>	<u>(3,136,596)</u>	<u>(3,005,216)</u>	<u>(2,979,577)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 102,976,616	\$ 102,183,362	\$ 100,562,501	\$ 98,232,144	\$ 95,430,501
Contributions as a percentage of covered payroll	3.19%	3.15%	3.12%	3.06%	3.12%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note: Plan information was unavailable prior to 2014.

Abilene Independent School District  
Schedule of District's Proportionate Share of the Net OPEB Liability (Exhibit G-4)  
Year Ended August 31, 2019

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	2019	2018
District's proportion of the net OPEB liability	0.133181501%	0.129601183%
District's proportionate share of net OPEB liability	\$ 66,498,743	\$ 56,358,693
State's proportionate share of the net OPEB liability associated with the District	81,656,572	73,614,932
Totals	\$ 148,155,315	\$ 129,973,625
District's covered payroll	\$ 102,183,362	\$ 100,562,501
District's proportionate share of net OPEB liability as a percentage of its covered payroll	65.08%	56.04%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net OPEB liability with is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2018.



Abilene Independent School District  
Schedule of District's Contributions to the OPEB (Exhibit G-5)  
Year Ended August 31, 2019

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	2019	2018
Contractually required contributions	\$ 924,465	\$ 664,200
Contribution in relation to the contractually required contributions	(924,465)	(664,200)
Contribution deficiency (excess)	\$ -	\$ -
District's covered payroll	\$ 102,976,616	\$ 102,183,362
Contributions as a percentage of covered payroll	0.90%	0.65%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note: Plan information was unavailable prior to 2018.

## **Note 1 - Budget**

### **Budgetary Information**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, 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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

Once a budget is approved, it can be amended by function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law. Each amendment is controlled by the budget coordinator Accounting at the revenue and expenditure fund/function level. Budget amounts are as amended by the Board. All budget appropriations lapse at year end.

## **Note 2 - Net Pension Liability – Teachers Retirement System**

### **Changes of Benefit Terms**

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

### **Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There are no changes in the size or composition of the population covered by the benefit terms during the measurement period.

### Changes of Assumptions

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

### Note 3 - OPEB

#### Changes of Benefit Terms

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminate free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premium.

#### Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

#### Changes of Assumptions

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.



Other Supplementary Information  
August 31, 2019

## Abilene Independent School District

Data Control Codes		203 Childcare Development Block Grant	205 Head Start	206 ESEA Title X, Pt. C Homeless	211 ESEA I, A Improving Basic Program
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ 7,324	\$ -	\$ -	\$ -
1120	Investments - current	-	-	-	-
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Receivables from other governments	-	301,557	-	571,990
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepaid expenditures	-	-	-	-
1800	Restricted assets	-	-	-	-
1000	Total assets	<u>\$ 7,324</u>	<u>\$ 301,557</u>	<u>\$ -</u>	<u>\$ 571,990</u>
	<b>Liabilities</b>				
2110	Accounts payable	\$ -	\$ 10,858	\$ -	\$ 986
2160	Accrued wages payable	-	89,557	-	240,071
2170	Due to other funds	-	199,073	-	330,254
2180	Due to other governments	-	-	-	-
2200	Accrued expenditures	-	139	-	679
2300	Unearned revenues	7,324	1,930	-	-
2000	Total liabilities	<u>7,324</u>	<u>301,557</u>	<u>-</u>	<u>571,990</u>
	<b>Deferred Inflows of Resources</b>				
2601	Unavailable revenue - property taxes	-	-	-	-
2600	Total inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Fund Balances</b>				
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - federal or state funds grant	-	-	-	-
3480	Restricted - retirement of long-term debt	-	-	-	-
3545	Committed - other	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 7,324</u>	<u>\$ 301,557</u>	<u>\$ -</u>	<u>\$ 571,990</u>

Abilene Independent School District  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)  
August 31, 2019

224	225	226	240	242	244	255
IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary	National Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting
\$ 5,631	\$ -	\$ -	\$ 2,100	\$ 126,013	\$ 2,935	\$ -
-	-	-	2,802,950	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
777,213	24,752	-	318,837	-	5,118	62,608
-	-	-	512	-	-	-
-	-	-	21,723	69,476	-	-
-	-	-	380	-	-	-
-	-	-	213,172	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 782,844</u>	<u>\$ 24,752</u>	<u>\$ -</u>	<u>\$ 3,359,674</u>	<u>\$ 195,489</u>	<u>\$ 8,053</u>	<u>\$ 62,608</u>
\$ -	\$ -	\$ -	\$ 58,159	\$ -	\$ 1,800	\$ 749
219,859	13,518	-	191,684	-	6,253	8,468
559,622	11,234	-	663,215	-	-	53,391
-	-	-	-	-	-	-
3,363	-	-	164	-	-	-
-	-	-	-	-	-	-
<u>782,844</u>	<u>24,752</u>	<u>-</u>	<u>913,222</u>	<u>-</u>	<u>8,053</u>	<u>62,608</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	213,172	-	-	-
-	-	-	2,233,280	195,489	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,446,452	195,489	-	-
<u>\$ 782,844</u>	<u>\$ 24,752</u>	<u>\$ -</u>	<u>\$ 3,359,674</u>	<u>\$ 195,489</u>	<u>\$ 8,053</u>	<u>\$ 62,608</u>

Data Control Codes		281	288-00	288-01	289-03
		ROTC	Early Head Start	Child & Adult Care Food Program	Summer School LEP
<b>Assets</b>					
1110	Cash and cash equivalents	\$ 1,178	\$ -	\$ -	\$ -
1120	Investments - current	-	-	-	-
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Receivables from other governments	-	316,508	7,889	-
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepaid expenditures	-	-	-	-
1800	Restricted assets	-	-	-	-
1000	<b>Total assets</b>	<b>\$ 1,178</b>	<b>\$ 316,508</b>	<b>\$ 7,889</b>	<b>\$ -</b>
<b>Liabilities</b>					
2110	Accounts payable	\$ -	\$ 8,623	\$ -	\$ -
2160	Accrued wages payable	-	136,564	-	-
2170	Due to other funds	-	165,651	7,889	-
2180	Due to other governments	-	-	-	-
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenues	1,178	5,670	-	-
2000	<b>Total liabilities</b>	<b>1,178</b>	<b>316,508</b>	<b>7,889</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
2601	Unavailable revenue - property taxes	-	-	-	-
2600	<b>Total inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - federal or state funds grant	-	-	-	-
3480	Restricted - retirement of long-term debt	-	-	-	-
3545	Committed - other	-	-	-	-
3000	<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4000	<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,178</b>	<b>\$ 316,508</b>	<b>\$ 7,889</b>	<b>\$ -</b>

Abilene Independent School District  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)  
August 31, 2019

289-04	289-06	309	312	397	410
Title IV, Part A	Texas Hurricane Homeless	SSA Adult Basic Education	SSA - TANF Family Assistance	Advanced Placement Incentives	Instructional Materials Allotment
\$ -	\$ -	\$ -	\$ -	\$ 10,598	\$ 11,166
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
119,206	8,732	54,753	5,328	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,929,382
-	-	-	-	-	-
<u>\$ 119,206</u>	<u>\$ 8,732</u>	<u>\$ 54,753</u>	<u>\$ 5,328</u>	<u>\$ 10,598</u>	<u>\$ 1,940,548</u>
\$ 39	\$ -	\$ 1,094	\$ -	\$ -	\$ 179,731
19,479	-	14,756	2,645	-	-
99,688	8,732	38,903	2,683	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	10,598	1,760,817
<u>119,206</u>	<u>8,732</u>	<u>54,753</u>	<u>5,328</u>	<u>10,598</u>	<u>1,940,548</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 119,206</u>	<u>\$ 8,732</u>	<u>\$ 54,753</u>	<u>\$ 5,328</u>	<u>\$ 10,598</u>	<u>\$ 1,940,548</u>



Data Control Codes		412 CCPO	429 Other State Funded Special Revenue Funds	431 Adult Basic Education State
	<b>Assets</b>			
1110	Cash and cash equivalents	\$ 413,852	\$ 9,504	\$ -
1120	Investments - current	-	-	-
1220	Property taxes - delinquent	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-
1240	Receivables from other governments	2,538	-	8,778
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1410	Prepaid expenditures	-	-	-
1800	Restricted assets	-	-	-
1000	<b>Total assets</b>	<b>\$ 416,390</b>	<b>\$ 9,504</b>	<b>\$ 8,778</b>
	<b>Liabilities</b>			
2110	Accounts payable	\$ -	\$ -	\$ 538
2160	Accrued wages payable	-	-	5,045
2170	Due to other funds	-	-	3,195
2180	Due to other governments	-	-	-
2200	Accrued expenditures	-	-	-
2300	Unearned revenues	416,390	9,504	-
2000	<b>Total liabilities</b>	<b>416,390</b>	<b>9,504</b>	<b>8,778</b>
	<b>Deferred Inflows of Resources</b>			
2601	Unavailable revenue - property taxes	-	-	-
2600	<b>Total inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Fund Balances</b>			
3410	Nonspendable - inventories	-	-	-
3450	Restricted - federal or state funds grant	-	-	-
3480	Restricted - retirement of long-term debt	-	-	-
3545	Committed - other	-	-	-
3000	<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
4000	<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 416,390</b>	<b>\$ 9,504</b>	<b>\$ 8,778</b>

Abilene Independent School District  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)  
August 31, 2019

435	461	499	Total Nonmajor Special Revenue Funds	599	Total Nonmajor Governmental Funds
State Deaf	Campus Activity Fund	Other Local Special Revenue Funds		Debt Service Fund	
\$ -	\$ 223,796	\$ 313,179	\$ 1,127,276	\$ 2	\$ 1,127,278
-	-	-	2,802,950	-	2,802,950
-	-	-	-	122,527	122,527
-	-	-	-	(32,998)	(32,998)
32,497	-	-	2,618,304	-	2,618,304
-	-	-	512	171	683
-	-	757,003	848,202	-	848,202
-	-	15,270	15,650	21,918	37,568
-	-	-	213,172	-	213,172
-	-	-	1,929,382	-	1,929,382
-	-	-	-	2,489,580	2,489,580
<u>\$ 32,497</u>	<u>\$ 223,796</u>	<u>\$ 1,085,452</u>	<u>\$ 9,555,448</u>	<u>\$ 2,601,200</u>	<u>\$ 12,156,648</u>
\$ -	\$ -	\$ 4,257	\$ 266,834	\$ -	\$ 266,834
14,854	-	13,548	976,301	-	976,301
17,643	-	11,225	2,172,398	220,961	2,393,359
-	-	-	-	250,918	250,918
-	-	122,150	126,495	-	126,495
-	-	934,272	3,147,683	-	3,147,683
<u>32,497</u>	<u>-</u>	<u>1,085,452</u>	<u>6,689,711</u>	<u>471,879</u>	<u>7,161,590</u>
-	-	-	-	52,547	52,547
-	-	-	-	52,547	52,547
-	-	-	213,172	-	213,172
-	-	-	2,428,769	-	2,428,769
-	-	-	-	2,076,774	2,076,774
-	223,796	-	223,796	-	223,796
-	223,796	-	2,865,737	2,076,774	4,942,511
<u>\$ 32,497</u>	<u>\$ 223,796</u>	<u>\$ 1,085,452</u>	<u>\$ 9,555,448</u>	<u>\$ 2,601,200</u>	<u>\$ 12,156,648</u>

Data Control Codes	203 Childcare Development Block Grant	205 Head Start	206 ESEA Title X, Pt. C Homeless	211 ESEA I, A Improving Basic Program
<b>Revenues</b>				
5700	\$ -	\$ -	\$ -	\$ -
5800	-	-	-	-
5900	53,003	2,553,150	41,200	4,243,750
5020	<u>53,003</u>	<u>2,553,150</u>	<u>41,200</u>	<u>4,243,750</u>
<b>Expenditures</b>				
<b>Current</b>				
0011	44,016	1,267,404	-	3,278,514
0012	-	57,948	-	72,208
0013	-	297,349	-	121,111
0021	-	4,542	-	211,865
0023	-	287,112	-	52,968
0031	-	122,157	-	44,338
0032	-	137,356	41,200	154,192
0033	-	121,827	-	-
0034	-	49,387	-	3,507
0035	-	5,172	-	-
0036	-	-	-	-
0041	-	-	-	-
0051	8,987	98,160	-	-
0052	-	240	-	-
0061	-	104,496	-	305,047
<b>Debt service</b>				
0071	-	-	-	-
0072	-	-	-	-
0073	-	-	-	-
6030	<u>53,003</u>	<u>2,553,150</u>	<u>41,200</u>	<u>4,243,750</u>
1100	-	-	-	-
<b>Other financing sources (Uses)</b>				
7911	-	-	-	-
7912	-	-	-	-
7916	-	-	-	-
7080	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	-	-	-	-
0100	-	-	-	-
3000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Abilene Independent School District  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
 Funds (Exhibit H-2)  
 Year Ended August 31, 2019

224	225	226	240	242	244	255
IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary	National Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting
\$ -	\$ -	\$ -	\$ 1,693,065	\$ 849	\$ -	\$ -
-	-	-	254,828	-	-	-
<u>3,324,472</u>	<u>126,980</u>	<u>28,623</u>	<u>7,172,632</u>	<u>190,941</u>	<u>202,145</u>	<u>548,575</u>
<u>3,324,472</u>	<u>126,980</u>	<u>28,623</u>	<u>9,120,525</u>	<u>191,790</u>	<u>202,145</u>	<u>548,575</u>
3,107,559	126,980	28,623	-	-	61,128	-
-	-	-	-	-	-	-
-	-	-	-	-	2,399	443,828
35,851	-	-	-	-	-	104,747
-	-	-	-	-	-	-
152,965	-	-	-	-	138,618	-
-	-	-	-	-	-	-
28,097	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	8,795,945	161,666	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	162,521	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,324,472</u>	<u>126,980</u>	<u>28,623</u>	<u>8,958,466</u>	<u>161,666</u>	<u>202,145</u>	<u>548,575</u>
-	-	-	162,059	30,124	-	-
-	-	-	-	-	-	-
-	-	-	13,934	-	-	-
-	-	-	-	-	-	-
-	-	-	13,934	-	-	-
-	-	-	175,993	30,124	-	-
-	-	-	2,270,459	165,365	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,446,452</u>	<u>\$ 195,489</u>	<u>\$ -</u>	<u>\$ -</u>

Data Control Codes	281	288-00	288-01 Child & Adult Care Food Program	289-03 LEP Summer School
Codes	ROTC	Early Head Start		
<b>Revenues</b>				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	5,539	2,289,231	181,767
5020	Total revenues	<u>5,539</u>	<u>2,289,231</u>	<u>181,767</u>
<b>Expenditures</b>				
<b>Current</b>				
0011	Instruction	2,931	1,156,854	-
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	94,807	-
0021	Instructional leadership	-	4,542	-
0023	School leadership	-	370,851	-
0031	Guidance, counseling, and evaluation services	-	105,232	-
0032	Social work services	-	295,380	-
0033	Health services	-	162,959	-
0034	Student (pupil) transportation	-	56,440	-
0035	Food services	-	674	181,767
0036	Extracurricular activities	2,608	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	41,492	-
<b>Debt service</b>				
0071	Principal on long term debt	-	-	-
0072	Interest on long term debt	-	-	-
0073	Bond issuance cost and fees	-	-	-
6030	Total expenditures	<u>5,539</u>	<u>2,289,231</u>	<u>181,767</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (Uses)</b>				
7911	Issuance of bonds	-	-	-
7912	Sale of real and personal property	-	-	-
7916	Premium or (discount) on issuance of bonds	-	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balance	-	-	-
0100	Fund balance, beginning	-	-	-
3000	Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Abilene Independent School District  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit H-2)  
Year Ended August 31, 2019

289-04	289-06	309	312	397	410
Title IV, Part A	Texas Hurricane Homeless	SSA Adult Basic Education	SSA - TANF Family Assistance	Advanced Placement Incentives	Instructional Materials Allotment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	173,677
163,654	8,732	727,099	67,900	-	-
<u>163,654</u>	<u>8,732</u>	<u>727,099</u>	<u>67,900</u>	<u>-</u>	<u>173,677</u>
95,855	8,732	587,490	52,387	-	173,677
22,701	-	-	-	-	-
2,761	-	11,225	-	-	-
3,366	-	60,683	3,639	-	-
-	-	34,032	9,477	-	-
-	-	32,922	2,397	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
38,971	-	-	-	-	-
-	-	747	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
163,654	8,732	727,099	67,900	-	173,677
<u>163,654</u>	<u>8,732</u>	<u>727,099</u>	<u>67,900</u>	<u>-</u>	<u>173,677</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Data Control Codes		412	429	431
		CCPO	Other State Funded Special Revenue Funds	Adult Basic Education State
	Revenues			
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	84,071	4,900	103,157
5900	Federal program revenues	-	-	-
5020	Total revenues	<u>84,071</u>	<u>4,900</u>	<u>103,157</u>
	Expenditures			
	Current			
0011	Instruction	-	-	72,068
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	4,900	2,592
0021	Instructional leadership	-	-	10,786
0023	School leadership	16,821	-	14,303
0031	Guidance, counseling, and evaluation services	-	-	3,408
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student (pupil) transportation	67,250	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	-	-	-
	Debt service			
0071	Principal on long term debt	-	-	-
0072	Interest on long term debt	-	-	-
0073	Bond issuance cost and fees	-	-	-
6030	Total expenditures	<u>84,071</u>	<u>4,900</u>	<u>103,157</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
	Other financing sources (Uses)			
7911	Issuance of bonds	-	-	-
7912	Sale of real and personal property	-	-	-
7916	Premium or (discount) on issuance of bonds	-	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balance	-	-	-
0100	Fund balance, beginning	-	-	-
3000	Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Abilene Independent School District  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit H-2)  
Year Ended August 31, 2019

435	461	499	Total Nonmajor Special Revenue Funds	599	Total Nonmajor Governmental Funds
State Deaf	Campus Activity Fund	Other Local Special Revenue Funds		Debt Service Fund	
\$ -	\$ 202,048	\$ 795,250	\$ 2,691,212	\$ 7,688,451	\$ 10,379,663
219,436	-	-	840,069	1,772,755	2,612,824
-	-	-	21,933,148	-	21,933,148
<u>219,436</u>	<u>202,048</u>	<u>795,250</u>	<u>25,464,429</u>	<u>9,461,206</u>	<u>34,925,635</u>
219,436	-	325,807	10,613,216	-	10,613,216
-	-	-	152,857	-	152,857
-	-	56,680	1,037,652	-	1,037,652
-	-	15,220	455,241	-	455,241
-	-	2,898	788,462	-	788,462
-	-	378,358	980,395	-	980,395
-	-	-	628,128	-	628,128
-	-	-	312,883	-	312,883
-	-	-	176,584	-	176,584
-	-	-	9,145,224	-	9,145,224
-	199,690	13,685	215,983	-	215,983
-	-	202	39,173	-	39,173
-	-	-	270,415	-	270,415
-	-	-	240	-	240
-	-	2,400	453,435	-	453,435
-	-	-	-	4,990,000	4,990,000
-	-	-	-	4,477,700	4,477,700
-	-	-	-	141,584	141,584
<u>219,436</u>	<u>199,690</u>	<u>795,250</u>	<u>25,269,888</u>	<u>9,609,284</u>	<u>34,879,172</u>
-	2,358	-	194,541	(148,078)	46,463
-	-	-	-	845,541	845,541
-	-	-	13,934	-	13,934
-	-	-	-	92,083	92,083
-	-	-	13,934	937,624	951,558
-	2,358	-	208,475	789,546	998,021
-	221,438	-	2,657,262	1,287,228	3,944,490
<u>\$ -</u>	<u>\$ 223,796</u>	<u>\$ -</u>	<u>\$ 2,865,737</u>	<u>\$ 2,076,774</u>	<u>\$ 4,942,511</u>





Required TEA Schedules  
August 31, 2019

# Abilene Independent School District

<u>Last Ten Years Ended August 31</u>	1	2	3
	<u>Tax Rates</u>		<u>Assessed/ Appraised Value for School Tax Purposes</u>
	<u>Maintenance</u>	<u>Debt Service</u>	
2010 (and prior years)	\$ Various	\$ Various	\$ Various
2011	1.040000	0.124700	3,897,626,094
2012	1.040000	0.119900	3,955,489,744
2013	1.040000	0.112700	4,074,025,528
2014	1.040000	0.110100	4,172,275,368
2015	1.040000	0.177500	4,230,516,552
2016	1.040000	0.170600	4,280,261,809
2017	1.040000	0.164100	4,469,378,022
2018	1.040000	0.158300	4,493,015,439
2019 (school year under audit)	1.040000	0.162400	4,670,459,397
1000 Totals			

Abilene Independent School District  
Schedule of Delinquent Taxes Receivable (Exhibit J-1)  
Year Ended August 31, 2019

10	20	31	32	40	50
Beginning Balance September 1, 2018	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2019
\$ 132,784	\$ -	\$ 4,780	\$ 407	\$ 7,840	\$ 135,437
47,978	-	1,149	138	(82)	46,609
49,196	-	1,580	182	(131)	47,303
47,090	-	3,648	395	426	43,473
66,682	-	8,089	856	1,059	58,796
85,026	-	17,258	2,945	(7,118)	57,705
96,927	-	29,917	4,907	8,767	70,870
216,133	-	92,459	14,589	1,485	110,570
744,815	-	451,533	68,727	(10,047)	214,508
-	56,157,604	47,934,136	7,484,626	22,265	761,107
<u>\$ 1,486,631</u>	<u>\$ 56,157,604</u>	<u>\$ 48,544,549</u>	<u>\$ 7,577,772</u>	<u>\$ 24,464</u>	<u>\$ 1,546,378</u>

Abilene Independent School District  
 Budgetary Comparison Schedule – Child Nutrition Program (Exhibit J-2)  
 Year Ended August 31, 2019

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$3,140,079	\$3,140,079	\$ 1,693,065	\$ (1,447,014)
5800	State program revenues	324,708	324,708	254,828	(69,880)
5900	Federal program revenues	7,355,802	7,355,802	7,172,632	(183,170)
5020	Total revenues	10,820,589	10,820,589	9,120,525	(1,700,064)
	Expenditures				
	Current				
0035	Food services	10,061,284	10,012,206	8,795,945	1,216,261
0051	Facilities maintenance and operations	152,706	202,706	162,521	40,185
6030	Total expenditures	10,213,990	10,214,912	8,958,466	1,256,446
1100	Excess (deficiency) of revenues over (under) expenditures	606,599	605,677	162,059	(443,618)
	Other financing sources (uses)				
7912	Sale of real and personal property	-	-	13,934	13,934
7080	Total other financing sources (uses)	-	-	13,934	13,934
1200	Net change in fund balances	606,599	605,677	175,993	(429,684)
0100	Fund balance, beginning	2,270,459	2,270,459	2,270,459	-
3000	Fund balance, ending	\$2,877,058	\$2,876,136	\$ 2,446,452	\$ (429,684)

Abilene Independent School District  
 Budgetary Comparison Schedule – Debt Service Fund (Exhibit J-5)  
 Year Ended August 31, 2019

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget - Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$7,599,246	\$8,599,246	\$ 7,688,451	\$ (910,795)
5800	State program revenues	1,988,154	1,988,154	1,772,755	(215,399)
5020	Total revenues	9,587,400	10,587,400	9,461,206	(1,126,194)
Expenditures					
Debt service					
0071	Principal on long term debt	4,990,000	4,990,000	4,990,000	-
0072	Interest on long term debt	4,597,400	5,597,400	4,477,700	1,119,700
0073	Bond issuance costs and fees	-	-	141,584	(141,584)
6030	Total expenditures	9,587,400	10,587,400	9,609,284	978,116
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	(148,078)	(148,078)
Other financing sources (uses)					
7911	Issuance of bonds	-	-	845,541	845,541
7916	Premium or (discount) on issuance of bonds	-	-	92,083	92,083
7080	Total other financing sources (uses)	-	-	937,624	937,624
1200	Net change in fund balances	-	-	789,546	789,546
0100	Fund balance, beginning	1,287,228	1,287,228	1,287,228	-
3000	Fund balance, ending	\$1,287,228	\$1,287,228	\$ 2,076,774	\$ 789,546



Federal Award Section  
August 31, 2019

**Abilene Independent School District**



**Independent Auditor's 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***

The Board of Trustees  
Abilene Independent School District  
Abilene, Texas

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Abilene Independent School District (the District) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2019.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned to the left of the typed address and date.

Abilene, Texas  
December 19, 2019





## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance**

The Board of Trustees  
Abilene Independent School District  
Abilene, Texas

### **Report on Compliance for Each Major Federal Program**

We have audited Abilene Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The District's 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.

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

## Report on Internal Control over Compliance

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

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

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

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
December 19, 2019

Abilene Independent School District  
Schedule of Expenditures of Federal Awards (Exhibit K-1)  
Year Ended August 31, 2019

Project Number	Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Expenditures, Indirect Costs, & Refunds
	U.S. Department of Education Direct Program		
Not available	Impact Aid - P.L. 874 Title I	84.041	\$ 271,385
	Passed Through Texas Workforce Commission:		
0918ALA000	AEL - Professional Development	84.002	22,957
0918ALAB00	AEL - Professional Development	84.002	1,253
0918ALA000	AEL- Adult Education and Literacy	84.002	595,159
0918ALAB00	AEL- Adult Education and Literacy	84.002	32,937
0918ALA000	AEL - El Civics	84.002	110,061
0918ALAB00	AEL - El Civics	84.002	2,414
	Total CFDA Number 84.002		<u>764,781</u>
0918ALA000	AEL - Temporary Assistance for Needy Families	93.558	66,157
0918ALAB00	AEL - Temporary Assistance for Needy Families	93.558	5,328
	Total TANF Cluster		<u>71,485</u>
	Total Passed Through Texas Workforce Commission		<u>836,266</u>
	Passed Through Texas Education Agency		
19610101221901	ESEA Title I, Part A - Improving Basic Programs	84.010	4,064,052
20610101221901	ESEA Title I, Part A - Improving Basic Programs	84.010	294,151
19610141221901	ESEA Title I, Part A - School Improvement	84.010	97,667
19610103221901	ESEA Title I, Part D, Subpart 2	84.010	16,922
	Total CFDA Number 84.010		<u>4,472,792</u>
	Special Education Cluster		
186600012219016600	IDEA-B Formula	84.027	3,256,603
196600012219016600	IDEA-B Formula	84.027	248,532
196600112219016673	IDEA-B Discretionary Deaf	84.027	30,086
	Total CFDA Number 84.027		<u>3,535,221</u>
186610012219016610	IDEA-B Preschool	84.173	37,727
196610012219016610	IDEA-B Preschool	84.173	96,231
	Total CFDA Number 84.173		<u>133,958</u>
	Total Special Education Cluster		<u>3,669,179</u>
19420006221901	Carl D. Perkins Basic Grant Formula for CATE	84.048	207,561
20420006221901	Carl D. Perkins Basic Grant Formula for CATE	84.048	3,783
	Total CFDA Number 84.048		<u>211,344</u>
18694501221901	Title II, Part A - Teacher, Principal, Training & Recruitment	84.367	314
19694501221901	Title II, Part A - Teacher, Principal, Training & Recruitment	84.367	519,080
20694501221901	Title II, Part A - Teacher, Principal, Training & Recruitment	84.367	57,883
	Total CFDA Number 84.367		<u>577,277</u>
18680101221901	Title IV, Part A - Student Support and Academic Enrichment Program	84.424	23,202
19680101221901	Title IV, Part A - Student Support and Academic Enrichment Program	84.424	128,315
20680101221901	Title IV, Part A - Student Support and Academic Enrichment Program	84.424	20,544
	Total CFDA Number 84.424		<u>172,061</u>

Abilene Independent School District  
Schedule of Expenditures of Federal Awards (Exhibit K-1)  
Year Ended August 31, 2019

Project Number	Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Expenditures, Indirect Costs, & Refunds
19513701221901	Passed Through Texas Education Agency Texas Hurricane Homeless Youth	84.938B	8,732
69551802	LEP Summer School	84.369A	3,755
	Total Passed Through Texas Education Agency		9,115,140
00-014	Passed Through ESC Region 14 ESEA, Title X, Part C Education for the Homeless Children and Youth	84.196	41,200
	Total Passed Through ESC Region 14		41,200
	Total Department of Education		10,263,991
	U.S. Dept. of Health & Human Services Direct Program		
	Child Care and Development Block Grant	93.575	53,003
	Total CCDF Cluster		53,003
06CH010462-02-00	Head Start	93.600	1,683,181
06CH010462-03-00	Head Start	93.600	869,969
06CH010462-02-00	Early Headstart	93.600	1,460,901
06CH010462-03-00	Early Headstart	93.600	828,330
	Total CFDA Number 93.600		4,842,381
	Total Dept. of Health & Human Services		4,895,384
	U.S. Department of Agriculture Direct Program		
01034	Summer Food Service Program for Children*	10.559	190,941
	Passed Through Texas Education Agency:		
71401701	School Breakfast Program*	10.553	1,717,430
71301701	National School Lunch Program - cash assistance*	10.555**	5,339,596
	Total Passed Through Texas Education Agency		7,057,026
	Passed Through the Texas Department of Agriculture:		
	National School Lunch Program*		
01034	-non cash assistance	10.555**	115,606
01785	Child and Adult Care Food Program	10.558	181,767
			297,373
	Total Department of Agriculture		7,545,340
	* Total Child Nutrition Cluster		7,363,573
	** Total National School Lunch Program (CFDA 10.555)		5,455,202
	U.S. Department of Defense Direct		
Not available	ROTC	12.000	5,539
Not available	ROTC Reimbursement	12.000	87,967
	Total CFDA Number 12.000		93,506
	Total Department of Defense		93,506
	Total Federal Awards		\$ 22,798,221

**Note 1- Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2019. The information 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

School health and related services revenues are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-2 to the Schedule of Expenditures of Federal Awards:

Federal Awards per Schedule of Expenditures of Federal Awards	\$ 22,798,221
School Health Related Services (SHARS)	2,107,717
Qualified School Construction bond interest subsidy	<u>282,450</u>
 Total federal program revenues - Exhibit C-2	 \$ <u><u>25,188,388</u></u>

**Note 3 - Indirect Cost Rate**

The District is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the District has previously received a negotiated indirect cost rate for its federal award.

**Note 4 - Food Donation**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At August 31, 2019, the District had food commodities totaling \$213,172 in inventory

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553; 10.555; 10.559
Special Education Cluster	84.027; 84.173
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

The audit disclosed no findings required to be reported.

**Section III – Federal Award Findings and Questioned Costs**

The audit disclosed no findings and questioned costs required to be reported.

Abilene Independent School District  
 Schedule of Required Responses to Selected School First Indicators (Exhibit L-1)  
 August 31, 2019

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Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreements at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal control over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the District not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end.	\$ 2,861,427
SF11	Net pension assets (1920) at fiscal year-end.	\$ -
SF12	Net pension liabilities (2540) at fiscal year-end.	\$52,635,247
SF13	Pension expense (6147) at fiscal year-end, excluding on-behalf pension expense (6144).	\$ -