



Financial Statements

August 31, 2020

Certificate of Board	1
Financial Section	
Independent Auditor’s Report	2
Management’s Discussion and Analysis	5
Government Wide Financial Statements	
Statement of Net Position (Exhibit A-1).....	14
Statement of Activities (Exhibit B-1)	16
Government Fund Financial Statements	
Balance Sheet – Governmental Funds (Exhibit C-1)	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit C-1r)	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit C-2)	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit C-2r)	20
Proprietary Fund Financial Statements	
Statement of Net Position –Proprietary Funds (Exhibit D-1).....	22
Statement of Revenues, Expenses, and Changes in Fund Net Position –Proprietary Funds (Exhibit D-2).....	23
Statement of Cash Flows –Proprietary Funds (Exhibit D-3).....	24
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit E-1)	25
Notes to Financial Statements	
Notes to Financial Statements	26
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund (Exhibit G-1)	59
Schedule of District’s Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas (Exhibit G-2)	60
Schedule of District’s Contributions – Teacher Retirement System to Texas (Exhibit G-3)	61
Schedule of District’s Proportionate Share of the Net OPEB Liability (Exhibit G-4)	62
Schedule of District’s Contributions to the OPEB (Exhibit G-5)	63
Notes to Required Supplementary Information	64
Other Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1).....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (Exhibit H-2).....	69
Required TEA Schedules	
Schedule of Delinquent Taxes Receivable (Exhibit J-1).....	72
Budgetary Comparison Schedule – Child Nutrition Program (Exhibit J-4).....	73
Budgetary Comparison Schedule – Debt Service Fund (Exhibit J-5).....	74

Federal Award Section

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* 75

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance 77

Schedule of Expenditures of Federal Awards (Exhibit K-1)..... 79

Notes to the Schedule of Expenditures of Federal Awards 82

Schedule of Findings and Questioned Costs..... 83

Schedule of Required Responses to Selected School First Indicators (Exhibit L-1) 85

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 _____disapproved _____ for the year ended August 31, 2020, at a meeting of the Board of Trustees of such school district on the 11th day of January, 2021.

Signature of Board Secretary

Signature of Board President



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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules and OPEB plan schedules on pages 5 through 13 and 59 through 65 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 18, 2020 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 18, 2020

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, 2020. Please read it in conjunction with the District’s financial statements, which follow this section.

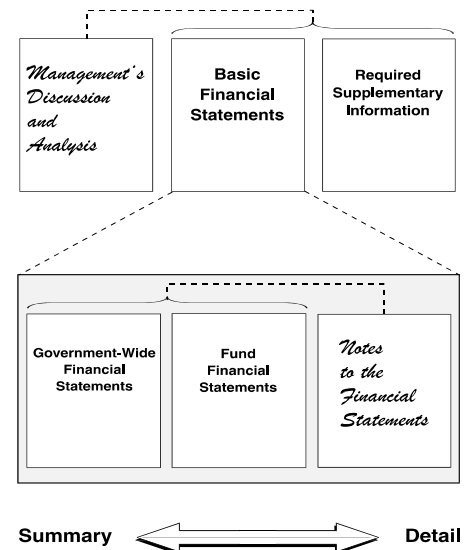
FINANCIAL HIGHLIGHTS

- At August 31, 2020, the District’s combined assets and deferred outflows fell below its liabilities and deferred inflows by \$51.8 million, net position. The unrestricted portion of (\$78.8 million) is due to the retroactive recognition of GASB 75 which requires the recognition of Other Post Employment Benefits (OPEB) on the Government-wide financial statements. The District’s total net position decreased by \$12.6 million.
- The District’s total net position decreased by \$12.6 million. The primary reason for the decrease is due to GASB 75 and the retroactive recognition of (\$62,505,269) of net OPEB liability.
- The General Fund reported a total ending fund balance of \$44.8 million this year, up \$3.6 million from last year. Of the total, \$28.3 million is unassigned and \$6.4 million is committed for the 2018 Bond LIFT Project, 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, 2020, over \$83.1 million has been spent since the bonds were issued. A total was \$63.4 million was spent in fiscal year 2020.

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>	Fund Statements			
	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<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 have 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.

Government-wide financial statements of the District include: Government-wide financial statements distinguish net position and the changes in net position between *governmental activities*, which are supported principally by taxes and intergovernmental revenues, and *business-type activities*, which are intended to recover all or a significant portion of their costs through user fees and charges.

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 (Exhibit A-1).

The District's Net Position
(in thousands of dollars)

	Governmental Activities		% Change
	2020	2019	
Current and Other Assets	\$ 106,750	\$ 146,056	-26.9%
Capital Assets	212,589	159,910	32.9%
Restricted Assets	26,054	39,930	-34.8%
Total assets	<u>345,393</u>	<u>345,896</u>	-0.1%
Deferred Outflows of Resources	<u>35,828</u>	<u>35,288</u>	1.5%
Current Liabilities	23,856	19,796	20.5%
Long-Term Liabilities	<u>373,059</u>	<u>376,373</u>	-0.9%
Total liabilities	<u>396,915</u>	<u>396,169</u>	0.2%
Deferred Inflows of Resources	<u>36,130</u>	<u>24,191</u>	49.4%
Net Investment in Capital Assets	22,010	28,700	-23.3%
Restricted	4,988	3,891	28.2%
Unrestricted	<u>(78,822)</u>	<u>(71,766)</u>	9.8%
Total net position	<u>\$ (51,824)</u>	<u>\$ (39,175)</u>	32.3%

The District's net investment in capital assets of \$22 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 \$4.988 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(78.822 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.

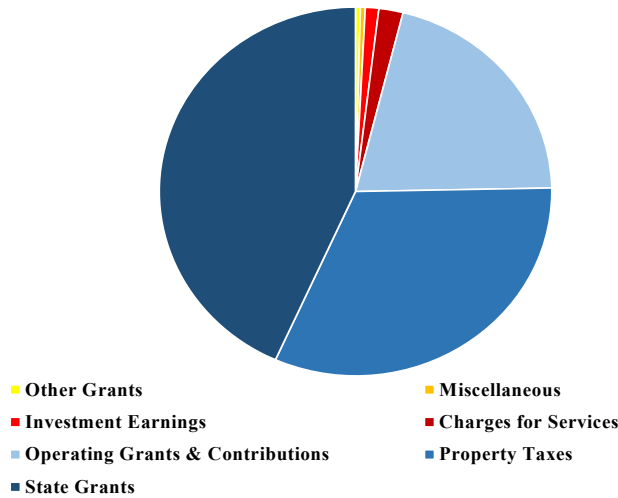
Changes in Net Position

Total combined net position of the District decreased by \$12.6 million during the year ended August 31, 2020. 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
	2020	2019	
Revenues			
Program revenues			
Charges for services	\$ 3,846	\$ 4,692	-18.0%
Operating grants & contributions	40,268	37,249	8.1%
Capital grants & contributions	276	-	100.0%
Property taxes	62,695	55,858	12.2%
State aid - formula grants	84,929	73,236	16.0%
Other	3,858	4,326	-10.8%
Total revenues	<u>195,872</u>	<u>175,361</u>	11.7%
Expenses			
Instruction and instructional related activities	115,659	102,244	13.1%
Instructional and school leadership	14,794	13,716	7.9%
Support services - student (pupil)	33,732	32,478	3.9%
Administrative support services	5,128	5,054	1.5%
Support services - nonstudent based	21,392	20,702	3.3%
Ancillary services	1,226	1,106	10.9%
Debt services	16,048	8,782	82.7%
Facilities acquisition & construction	-	50	-100.0%
JJAEP/intergovernmental charges	542	662	-18.2%
Total expenses	<u>208,521</u>	<u>184,794</u>	12.8%
Increase (Decrease) in Net Position	(12,649)	(9,433)	
Beginning Net Position	(39,175)	(29,742)	
Ending Net Position	<u>\$ (51,824)</u>	<u>\$ (39,175)</u>	

Sources of Revenue for Fiscal Year 2020



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

In the governmental fund financial statements (Exhibit C-2), total governmental fund revenues totaled \$189.7 million, up a little more than \$19 million (less than 11%) from 2019.

- Local revenues were up more than \$4.6 million (7.2%) mostly due to an increase in property tax collections.
- State program revenues increased nearly \$15 million (18.4%) compared to prior year mostly due to an increase in state funding.
- Federal revenues were down almost \$0.5 million compared to prior year due to a decrease in SHARS revenue.
- Expenditures in governmental fund types reflected a net increase of \$63.1 million compared to last year. Although there were variances in spending levels across all functional categories, the most significant variance was a \$44.5 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 surplus of \$2.5 million. During the year, the Board approved amendments that resulted in a final amended surplus budget of \$0.6 million.

In the General Fund, actual expenditures were \$5.3 million (3.6%) less than the final budgeted amount of \$146.2 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 \$5.4 million in the General Fund (see Exhibit C-1, *Other Assigned Fund Balance*).

General Fund revenues and other resources were more than the \$146.8 million final amended budget by \$2.7 million. A \$3.1 million positive variance resulted between the final amended budgeted excess of \$0.5 million and the actual increase in fund balance of \$3.6 million.

The Child Nutrition Program had a final amended budgeted increase of \$53,301 (see Exhibit J-4) compared to an actual decrease of \$1.7 million decreasing ending fund balance to \$736,090. The Debt Service fund reflected an actual decrease of \$354,000 (see Exhibit J-5), decreasing fund balance to \$1,722,774.

Proprietary Fund Highlights

The only proprietary fund the District operates is the Workers Compensation fund. The Workers Compensation fund had an operating increase of \$386,937 (see Exhibit D-2) increasing fund balance to \$932,531.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had \$212.6 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	
	2020	2019
Land	\$ 2,191	\$ 2,191
Construction in progress	38,827	13,747
Buildings and improvements	291,953	258,259
Equipment	27,813	26,497
Totals at historical costs	360,784	300,694
Less accumulated depreciation for		
Buildings and improvements	125,168	119,014
Equipment	23,027	21,769
Total accumulated depreciation	148,195	140,783
Net capital assets	\$ 212,589	\$ 159,911

Long-Term Debt

At August 31, 2020, the District had total bonded debt outstanding of \$220.54 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. On July 15, 2020, the District refunded the Current Interest Bonds issued in 2014. 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

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, began in 2019-20. A major renovation to Abilene High School and Cooper High School fine arts facilities, will begin in 2020-21.

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.

The 2020-21 General Fund adopted budget is balanced. The budget includes a district wide 3% employee compensation plan of midpoint based on the applicable assigned pay grades. In 2020-21, the budgeted revenue increased by \$2.8 million over the prior year. The increase is primarily attributable to the increase in property tax values.

Property values increased by 3.36% for 2020-2021 compared to a 3.4% increase the prior year. The 2020-2021 total District tax rate per \$100 of property value is at \$1.2914 with a Maintenance and Operations (M&O) rate of \$0.9642 and an Interest and Sinking (I&S) rate of \$0.3272.

However, subsequent to budget adoption school districts all across the nation experienced a reduction in enrollment due to the COVID-19 Pandemic. The Texas Education Agency has recognized the potential financial harm resulting from the Pandemic and has extended a hold harmless enrollment provision up through the 3rd six weeks of 2020-2021 school year to help mitigate the financial burden placed on Texas school districts. Further, the District is identifying cost saving opportunities within the 2020-2021 adopted budget to help mitigate the financial impact of reduced enrollment. The Texas Legislature will meet in January 2021 at which time they will likely address financial challenges faced by school districts as a result of the Covid-19 Pandemic.

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, 2020

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 45,108,109
1120	Current investments	55,349,580
1220	Property taxes receivable (delinquent)	1,773,725
1230	Allowance for uncollectible taxes	(466,052)
1240	Due from other governments	2,719,023
1250	Accrued interest	34,198
1267	Due from fiduciary funds	2,721
1290	Other receivables, net	79,785
1300	Inventories	1,279,248
1410	Prepaid expenses	870,026
	Capital Assets	
1510	Land	2,190,893
1520	Buildings and improvements, net	166,784,744
1530	Furniture and equipment, net	4,786,048
1580	Construction in progress	38,827,644
1800	Restricted Assets	26,053,601
1000	Total assets	<u>345,393,293</u>
	Deferred outflows of resources	
1705	Deferred outflows - pension	22,403,285
1706	Deferred outflows - OPEB	9,241,196
1710	Deferred charge for refunding	4,183,287
1700	Total deferred outflows of resources	<u>35,827,768</u>
	Liabilities	
2110	Accounts payable	7,761,079
2140	Interest payable	408,329
2150	Payroll deductions & withholdings	1,376,553
2160	Accrued wages payable	7,012,631
2180	Due to other governments	4,565,618
2200	Accrued expenses	293,331
2300	Unearned revenues	2,438,257
	Noncurrent liabilities	
2501	Due within one year	7,320,000
2502	Due in more than one year	226,011,118
2516	Premium on issuance of bonds	28,006,233
2540	Net pension liability	49,216,226
2545	Net OPEB liability	62,505,269
2000	Total liabilities	<u>396,914,644</u>

Abilene Independent School District
Statement of Net Position (Exhibit A-1)
August 31, 2020

Data Control Codes		Governmental Activities
	Deferred Inflows of Resources	
2605	Deferred inflows - pension	8,529,757
2606	Deferred inflows - OPEB	27,600,621
2600	Total deferred inflows of resources	36,130,378
	Net Position	
3200	Net investment in capital assets	22,009,616
3820	Restricted for federal and state programs	600,192
3850	Restricted for debt service	4,387,855
3900	Unrestricted	(78,821,624)
3000	Total net position	\$ (51,823,961)

Data Control Codes	Functions/Programs	Expenses
	Governmental Activities	
11	Instruction	\$ 109,573,023
12	Instructional resources and media services	2,450,909
13	Curriculum and staff development	3,634,249
21	Instructional leadership	3,841,251
23	School leadership	10,952,268
31	Guidance, counseling, and evaluation services	7,818,870
32	Social work services	1,995,394
33	Health services	2,783,034
34	Student (pupil) transportation	6,195,127
35	Food services	9,038,807
36	Extracurricular activities	5,900,635
41	General administration	5,128,310
51	Facilities maintenance and operations	14,604,647
52	Security and monitoring services	613,778
53	Data processing services	6,173,604
61	Community services	1,226,305
72	Debt service - interest on long term debt	15,053,004
73	Debt service - bond issuance cost and fees	995,028
81	Facilities acquisition and construction	-
95	Payments to juvenile justice alternative Ed. Prg.	67,005
99	Other intergovernmental charges	474,646
TG	Total governmental activities	<u>208,519,894</u>
TP	Total primary government	<u><u>\$ 208,519,894</u></u>

Abilene Independent School District
Statement of Activities (Exhibit B-1)
Year Ended August 31, 2020

		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
		\$ 1,712,831	\$ 22,436,267	\$ -	\$ (85,423,925)
		72,174	285,958	-	(2,092,777)
		-	1,223,250	-	(2,410,999)
		-	836,173	-	(3,005,078)
		-	1,696,004	-	(9,256,264)
		-	1,613,661	-	(6,205,209)
		-	954,991	-	(1,040,403)
		-	484,610	-	(2,298,424)
		-	533,252	-	(5,661,875)
		1,158,837	6,023,201	-	(1,856,769)
		899,116	282,688	-	(4,718,831)
		-	992,145	-	(4,136,165)
		2,689	1,032,833	-	(13,569,125)
		-	6,595	-	(607,183)
		-	205,208	-	(5,968,396)
		-	559,841	-	(666,464)
		-	1,101,214	-	(13,951,790)
		-	-	-	(995,028)
		-	-	275,828	275,828
		-	-	-	(67,005)
		-	-	-	(474,646)
		<u>3,845,647</u>	<u>40,267,891</u>	<u>275,828</u>	<u>(164,130,528)</u>
		<u>\$ 3,845,647</u>	<u>\$ 40,267,891</u>	<u>\$ 275,828</u>	<u>(164,130,528)</u>
General Revenues					
Taxes					
MT	Property taxes, levied for general purposes				46,054,386
DT	Property taxes, levied for debt service				16,640,817
SF	State aid - formula grants				84,928,618
GC	Grants and contributions not restricted				867,445
IE	Investment earnings				2,139,106
MI	Miscellaneous local and intermediate revenue				852,084
TR	Total general revenues				<u>151,482,456</u>
CN	Change in net position				(12,648,072)
NB	Net position, beginning				<u>(39,175,889)</u>
NE	Net position, ending				<u>\$ (51,823,961)</u>

Data Control Codes		10 General Fund	599 Debt Service Fund	699 Capital Projects Fund
	Assets			
1110	Cash and cash equivalents	\$ 5,275	\$ 150	\$ 44,225,787
1120	Investments - current	52,826,752	-	-
1220	Property taxes receivable - delinquent	1,514,806	258,919	-
1230	Allowance for uncollectible taxes (credit)	(398,020)	(68,032)	-
1240	Receivables from other governments	266,842	-	-
1250	Accrued interest	34,198	-	-
1260	Due from other funds	1,708,120	-	100,163
1290	Other receivables	63,466	-	-
1300	Inventories	976,863	-	-
1410	Prepaid expenditures	870,026	-	-
1800	Restricted assets	2,956,249	1,807,336	21,290,016
1000	Total assets	60,824,577	1,998,373	65,615,966
1000a	Total assets and deferred outflows	\$ 60,824,577	\$ 1,998,373	\$ 65,615,966
	Liabilities			
2110	Accounts payable	\$ 1,522,915	\$ -	\$ 5,953,270
2150	Payroll deductions and withholdings payable	1,376,553	-	-
2160	Accrued wages payable	6,062,276	-	-
2170	Due to other funds	1,589,892	-	-
2180	Due to other governments	4,407,180	158,438	-
2200	Accrued expenditures	97,043	-	-
2300	Unearned revenues	46,869	-	-
2000	Total liabilities	15,102,728	158,438	5,953,270
	Deferred Inflows of Resources			
2600	Unavailable revenues - property taxes	881,478	117,161	-
	Total deferred inflows of resources	881,478	117,161	-
	Fund Balance			
3410	Nonspendable - inventories	976,863	-	-
3430	Nonspendable - prepaid items	870,026	-	-
3450	Restricted - federal or state funds grant	-	-	-
3470	Restricted - capital acquisition and contractual obligation	-	-	59,662,696
3480	Restricted - debt service	2,956,249	1,722,774	-
3510	Committed - construction	5,905,065	-	-
3545	Committed - other	502,218	-	-
3590	Assigned - other	5,364,969	-	-
3600	Unassigned	28,264,981	-	-
3000	Total fund balances	44,840,371	1,722,774	59,662,696
4000	Total liabilities, deferred inflows, and fund balances	\$ 60,824,577	\$ 1,998,373	\$ 65,615,966

See Notes to Financial Statements

Abilene Independent School District
Balance Sheet – Governmental Funds (Exhibit C-1)
August 31, 2020

Total Nonmajor Funds	98 Total Governmental Funds
\$ 857,219	\$ 45,088,431
1,416,309	54,243,061
-	1,773,725
-	(466,052)
2,452,181	2,719,023
-	34,198
2,094,412	3,902,695
16,319	79,785
302,385	1,279,248
-	870,026
-	26,053,601
7,138,825	135,577,741
\$ 7,138,825	\$135,577,741
\$ 284,894	\$ 7,761,079
-	1,376,553
950,355	7,012,631
2,310,082	3,899,974
-	4,565,618
2,622	99,665
2,391,388	2,438,257
5,939,341	27,153,777
-	998,639
-	998,639
302,385	1,279,248
-	870,026
600,192	600,192
-	59,662,696
-	4,679,023
-	5,905,065
296,907	799,125
-	5,364,969
-	28,264,981
1,199,484	107,425,325
\$ 7,138,825	\$135,577,741

Abilene Independent School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit C-1r)
 August 31, 2020

Total Fund Balances - Governmental Funds \$ 107,425,325

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. 932,531

Capital assets, net of accumulated depreciation, are not financial resources and therefore are not reported as assets in the governmental funds. 212,589,329

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

Bonds payable and tax maintenance notes	(226,060,246)	
Deferred charge on refunding	4,183,287	
Unamortized premiums on bonds payable	(28,006,233)	
Accumulated accretion on capital appreciation bonds	(6,372,181)	
Compensated absences payable	(539,474)	
Capital leases payable	<u>(359,217)</u>	(257,154,064)

Accrued interest is not due and payable in the current year and therefore is not reported as a liability in the governmental funds. (408,329)

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 998,639

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	(49,216,226)	
Deferred outflows of resources - TRS pension	22,403,285	
Deferred inflows of resources - TRS pension	(8,529,757)	
Net OPEB liability	(62,505,269)	
Deferred outflows of resources - TRS-Care OPEB	9,241,196	
Deferred inflows of resources - TRS-Care OPEB	<u>(27,600,621)</u>	

Net Position of Governmental Activities (See A-1) \$ (51,823,961)

Data Control Codes		10	599	699
		General Fund	Debt Service Fund	Capital Projects Fund
	Revenues			
5700	Total local and intermediate sources	\$ 48,238,322	\$ 16,733,269	\$ 1,215,152
5800	State program revenues	92,807,793	1,101,214	-
5900	Federal program revenues	3,104,442	-	-
5020	Total revenues	<u>144,150,557</u>	<u>17,834,483</u>	<u>1,215,152</u>
	Expenditures			
	Current			
0011	Instruction	78,518,832	-	1,382,958
0012	Instructional resources and media services	2,053,589	-	-
0013	Curriculum and instructional staff development	2,380,623	-	-
0021	Instructional leadership	3,003,140	-	-
0023	School leadership	8,539,569	-	23,273
0031	Guidance, counseling and evaluation services	5,855,602	-	-
0032	Social work services	1,005,280	-	-
0033	Health services	2,158,001	-	-
0034	Student (pupil) transportation	5,698,392	-	-
0035	Food services	8,236	-	-
0036	Extracurricular activities	4,506,208	-	-
0041	General administration	4,620,010	-	-
0051	Facilities maintenance and operations	13,548,823	-	26,624
0052	Security and monitoring services	602,115	-	-
0053	Data processing services	6,160,979	-	-
0061	Community services	649,119	-	-
	Debt service			
0071	Principal on long term debt	44,531	5,245,000	-
0072	Interest on long term debt	371,129	11,298,449	-
0073	Bond issuance cost and fees	-	995,028	-
	Capital outlay			
0081	Facilities acquisition and construction	721,776	-	61,985,823
	Intergovernmental			
0095	Payments to juvenile alternative Ed. Prg.	67,005	-	-
0099	Other intergovernmental charges	474,646	-	-
6030	Total expenditures	<u>140,987,605</u>	<u>17,538,477</u>	<u>63,418,678</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>3,162,952</u>	<u>296,006</u>	<u>(62,203,526)</u>
	Other financing sources (uses)			
7911	Issuance of bonds	-	69,920,246	-
7912	Sale of real and personal property	23,010	-	-
7913	Proceeds from capital leases	403,748	-	-
7916	Premium or (discount) on issuance of bonds	-	12,971,642	-
7949	Other resources	37,404	-	-
8940	Payment to refunded bonds escrow agent	-	(83,541,894)	-
7080	Total other financing sources (uses)	<u>464,162</u>	<u>(650,006)</u>	<u>-</u>
1200	Net change in fund balances	3,627,114	(354,000)	(62,203,526)
0100	Fund balance, beginning	41,213,257	2,076,774	121,866,222
3000	Fund balance, ending	<u>\$ 44,840,371</u>	<u>\$ 1,722,774</u>	<u>\$ 59,662,696</u>

See Notes to Financial Statements

Abilene Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit C-2)
Year Ended August 31, 2020

Total Nonmajor Funds	98 Total Governmental Funds
\$ 2,088,476	\$ 68,275,219
2,884,924	96,793,931
21,557,219	24,661,661
26,530,619	189,730,811
13,884,718	93,786,508
138,840	2,192,429
957,830	3,338,453
503,857	3,506,997
803,973	9,366,815
942,824	6,798,426
800,301	1,805,581
254,845	2,412,846
121,808	5,820,200
8,423,668	8,431,904
15,484	4,521,692
54,883	4,674,893
204,317	13,779,764
-	602,115
-	6,160,979
471,247	1,120,366
-	5,289,531
-	11,669,578
-	995,028
625,828	63,333,427
-	67,005
-	474,646
28,204,423	250,149,183
(1,673,804)	(60,418,372)
-	69,920,246
7,551	30,561
-	403,748
-	12,971,642
-	37,404
-	(83,541,894)
7,551	(178,293)
(1,666,253)	(60,596,665)
2,865,737	168,021,990
\$ 1,199,484	\$ 107,425,325

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, 2020

Total Net Change in Fund Balances - Governmental Funds	\$ (60,596,665)
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.	386,937
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 \$64,948,082. Depreciation expense charged to the statement of activities totaled \$10,897,189. Loss on disposal of assets reported on the statement of activities totaled \$1,371,603. The net effect is an increase in net position.	52,679,290
Amortization of the premiums on the Series 2012, 2014, 2019 and 2020 bonds of \$1,714,756 was recorded, which increases net position.	1,714,756
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 \$998,639 and removing the prior year's tax revenue of \$859,857 results in a net increase in net position.	138,782
Government funds report debt proceeds and premium on issuance of bonds and capital leases 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 bond proceeds of \$69,920,246, bond premium of \$12,971,642, initial accumulated accreted interest of \$6,672,181, and capital lease proceeds of \$403,748 is to decrease net position.	(89,667,817)
Governmental funds report the payment to the bond refunding escrow agent as a financing use; however, the refunding payment is recorded as a reduction of the outstanding principal, related premiums, and accumulated accreted interest on the statement of net position. Additionally, a deferred charge on refunding is recorded as a result of the refunding and amortized to the statement of activities. The refunding resulted in the reduction of bond principal of \$69,922,882, accumulated accretion of \$3,467,499, and unamortized bond premium of \$5,833,635. A deferred charge on refunding of \$3,667,872 is also recognized. The net effect is an increase in net position.	82,891,888
Repayment of bond principal and capital lease payments of \$5,289,531 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 \$606,072 increases long-term liabilities. The decrease in accrued interest payable of \$2,828,792 increases net position in the government wide financial statements. Finally, amortization of deferred charge on bond refunding of \$298,715 decreases net position. The net result of all of the above adjustments is a net increase to the change in net position.	7,213,536
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 increase to the compensated absences payable.	(52,321)

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, 2020

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 \$262,060. 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 \$6,744,693. The net effect is a decrease in net position.	(6,482,633)
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 \$54,181. 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 928,006. The net effect is a decrease in net position.	<u>(873,825)</u>
Change in Net Position of Governmental Activities (See B-1)	<u>\$ (12,648,072)</u>

Abilene Independent School District
Statement of Net Position –Proprietary Funds (Exhibit D-1)
August 31, 2020

	Governmental Activities Internal Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 19,678
Investments - current	1,106,519
Total assets	1,126,197
Liabilities	
Current liabilities	
Accrued expenses	193,666
Total liabilities	193,666
Net Position	
Unrestricted net position	932,531
Total net position	\$ 932,531

Abilene Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position –Proprietary Funds (Exhibit D-2)
Year Ended August 31, 2020

	Governmental Activities
	Internal Service Fund
Operating revenues	
Local and intermediate sources	\$ 755,975
Total operating revenues	755,975
Operating expenses	
Professional and contracted services	18,000
Other operating costs	360,430
Total operating expenses	378,430
Operating income	377,545
Nonoperating revenues (expenses):	
Earnings from temporary deposits & investments	9,392
Total nonoperating revenues	9,392
Change in net position	386,937
Total net position, beginning	545,594
Total net position, ending	\$ 932,531

Abilene Independent School District
Statement of Cash Flows –Proprietary Funds (Exhibit D-3)
Year Ended August 31, 2020

	Governmental Activities Internal Service Fund
Operating activities	
Charges for services	\$ 756,034
Cash payments for other operating costs	(18,000)
Cash payments for claims and contracted services	(397,915)
	340,119
Investing activities	
Purchases of short-term investments	(342,980)
Interest on investments	9,392
	(333,588)
Net cash used for investing activities	(333,588)
Net change in cash and cash equivalents	6,531
Cash and cash equivalents - beginning of the year	13,147
Cash and cash equivalents - end of the year	\$ 19,678
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 377,545
Adjustments to reconcile operating loss to net cash from operating activities	
Change in assets and liabilities	
Other receivables	59
Accounts payable	(4,500)
Accrued expenses	(32,985)
	(37,426)
Net cash from operating activities	\$ 340,119

Abilene Independent School District
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit E-1)
August 31, 2020

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 423,461
Other receivables	437
	<hr/>
Total assets	<u>\$ 423,898</u>
Liabilities	
Accounts payable	\$ 250
Due to other funds	2,721
Due to student groups	420,927
	<hr/>
Total liabilities	<u>\$ 423,898</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 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.
- 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.
- 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:

Assets	Years
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, 2020 were as follows:

General Fund- QSCB sinking fund	\$ 2,956,249
2019 Capital Projects Fund- bond proceeds	21,290,016
Debt Service Fund- I&S taxes	<u>1,807,336</u>
	<u><u>\$ 26,053,601</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, 2020 amounted to \$5,364,969 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, 2020 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. 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, 2020 are shown below:

Investment Pools	Amortized Cost	Weighted Average Maturity (Days) *	Rating
TexPool	\$ 49,643,627	33	AAAm
Lone Star Investment Pool: Government Overnight Fund	<u>21,290,015</u>	35	AAA
Total	<u><u>\$ 70,933,642</u></u>		

*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.

Abilene Independent School District

Notes to Financial Statements

August 31, 2020

Other Investments	Fair Value	Investment Maturity in Years		
		Less than 1 Year	1 - 5	More than 5
U.S. Government Backed Securities	\$ 7,513,290	\$ 3,013,070	\$ 4,500,220	\$ -
Repurchase agreement - agency debentures	2,956,249	2,956,249	-	-
Total	10,469,539	5,969,319	4,500,220	-
Total investments	<u>\$ 81,403,181</u>			

The following schedule reconciles investments to the fund financial statements:

Reported in Schedule C-1	
1120 Investments - Current	\$ 54,243,061
1800 Restricted Assets	26,053,601
	<u>80,296,662</u>
Reported in Schedule D-1	
Investments - Current	1,106,519
	<u>1,106,519</u>
Total	<u>\$ 81,403,181</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, 2020 fiscal year was based, was \$5,004,253,793. 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, 2020 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, 2020, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,307,673. The tax rate to finance general governmental services was \$0.9700 per \$100 and the tax rate to finance the payment of principal and interest on long-term obligations was \$0.3514 per \$100 for the year ended August 31, 2020.

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, 2020 are summarized below.

Fund	State Grants/ Entitlements	Federal Grants	Total
General Fund	\$ -	\$ 266,842	\$ 266,842
Nonmajor Governmental Funds	45,341	2,406,840	2,452,181
	<u>\$ 45,341</u>	<u>\$ 2,673,682</u>	<u>\$ 2,719,023</u>

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2020 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		
Capital Projects Fund	\$ -	\$ 100,163
Nonmajor Governmental Funds	1,708,120	1,489,729
Capital Projects Fund		
General Fund	100,163	-
Nonmajor Governmental Funds		
General Fund	1,489,729	1,708,120
Nonmajor Governmental Funds	601,962	601,962
Fiduciary Funds	2,721	-
Fiduciary Funds		
Nonmajor Governmental Funds	-	2,721
Totals	\$ 3,902,695	\$ 3,902,695

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, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,190,893	\$ -	\$ -	\$ 2,190,893
Construction in progress	13,746,510	36,976,030	(11,894,896)	38,827,644
Total capital assets, not being depreciated	15,937,403	36,976,030	(11,894,896)	41,018,537
Capital assets, being depreciated:				
Buildings and improvements	258,259,204	38,282,080	(4,588,144)	291,953,140
Furniture and equipment	26,497,079	1,584,868	(269,200)	27,812,747
Total capital assets being depreciated	284,756,283	39,866,948	(4,857,344)	319,765,887
Less accumulated depreciation for				
Buildings and improvements	(119,014,340)	(9,447,285)	3,293,229	(125,168,396)
Furniture and equipment	(21,769,307)	(1,449,904)	192,512	(23,026,699)
Total accumulated depreciation	(140,783,647)	(10,897,189)	3,485,741	(148,195,095)
Total capital assets being depreciated, net	143,972,636	28,969,759	(1,371,603)	171,570,792
Governmental activities capital assets, net	\$ 159,910,039	\$ 65,945,789	\$ (13,266,499)	\$ 212,589,329

Construction in progress consists primarily of the new Taylor Elementary, Dyess Elementary and LIFT campuses. The estimated costs to complete these projects is \$60 million.

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

Instruction	\$ 6,513,290
Instructional resources and media	133,895
Institutional leadership	167
School leadership	757,979
Guidance, counseling and evaluation services	394,933
Health services	161,936
Student transportation	721,862
Food service	161,903
Extracurricular activities	1,200,648
General administration	129,838
Plant maintenance and operations	474,489
Security and monitoring services	7,047
Data processing services	237,872
Community services	1,330
	<hr/>
Total depreciation expense - governmental activities	<u><u>\$ 10,897,189</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 2020, 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, 2020, 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.

The world-wide coronavirus pandemic has resulted in certain risk and uncertainties to the public in general and the District. The District is closely monitoring their operations, liquidity, and resources, and are actively working to minimize the current and future impact of this unprecedented situation.

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, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) as 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 show 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.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS* then *Publications* then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in 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. Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	Contribution Rates	
	2019	2020
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	7.50%
Employers	6.80%	7.50%

	2019	2020
Member Contributions	\$ 7,929,220	\$ 8,445,413
NECE On-Behalf Contributions	5,015,805	6,094,457
Employer Contributions	3,287,469	3,549,529

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

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employed Contribution will replace the Non (OASDI) surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of the TRS the employer shall pay both the member contribution and State contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the State contribution rate for certain instructional or administrative employees; and 100% of the State contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions

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

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual entry age normal
Asset Valuation Method	Market value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and State contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019, are summarized below:

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

Asset Class	Target Allocation ¹	New Target Allocation ² %	Long-Term Expected Geometric Real Rate of Return ³
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries ⁴	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return (including Credit Sensitive Investments)	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds ⁴	3.0%	0.0%	0.0%
Real Estate	14.0%	15.0%	8.5%
Energy and Natural Resources and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5% ⁵
Asset Allocation Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	0.0%	-6.0%	2.7%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>7.2%</u>

¹ Target Allocation based on the Strategic Asset Allocation as of fiscal year 2019.

² New allocations are based on the Strategic Asset Allocation to be implemented in fiscal year 2020.

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

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

⁵ 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2017 Net Pension Liability.

	in Discount Rate (6.25%)	Discount Rate (7.25%)	in Discount Rate (8.25%)
Total TRS net pension liability	\$ 79,905,616,584	\$ 51,983,126,213	\$ 29,360,519,479
District's proportionate share of the net pension liability	\$ 75,652,489	\$ 49,216,226	\$ 27,797,750

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

At August 31, 2020, the District reported a liability of \$49,216,226 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	\$ 49,216,226
State's proportionate share that is associated with the District	72,420,575
Total	\$ 121,636,801

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was .0946773% which was a decrease of .0000949% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.

Abilene Independent School District

Notes to Financial Statements

August 31, 2020

- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2019 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$11,376,252 and revenue of \$4,876,006 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 206,752	\$ 1,708,865
Changes in actuarial assumptions	15,269,290	6,309,993
Difference between projected and actual investment earnings	494,188	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,883,526	510,899
Contributions paid to TRS subsequent to the measurement date	3,549,529	-
	<u>\$ 22,403,285</u>	<u>\$ 8,529,757</u>
Total		

\$3,549,529 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 ending August 31, 2021.

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
2021	\$ 2,803,026
2022	2,207,715
2023	2,553,216
2024	2,484,670
2025	749,126
Thereafter	(473,754)
	<u>\$ 10,323,999</u>
Total	

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-retirement benefit changes, including automatic COLAs.

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

TRS-Care Monthly for Retirees
January 1, 2019 thru December 31, 2019

	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 .75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual 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			
	2019	2020	
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%	
	2019	2020	
Employer Contributions	\$ 924,465	\$ 978,646	
Member Contributions	669,357	712,925	
NECE On-Behalf Contributions	1,124,444	1,519,962	

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 \$73.6 million in fiscal year 2019.

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

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

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

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.63%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	2.50% to 9.50%
Healthcare Trend Rates	4.50% to 7.40%
	The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65; 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

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

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

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
Total TRS net OPEB liability	\$ 57,095,682,852	\$ 47,291,224,890	\$ 39,621,188,484
District's proportionate share of the net OPEB liability	\$ 75,463,916	\$ 62,505,269	\$ 52,367,708

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	\$ 38,578,522,354	\$ 47,291,224,890	\$ 58,962,245,589
District's proportionate share of the net OPEB liability	\$ 50,989,606	\$ 62,505,269	\$ 77,930,970

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

At August 31, 2020, the District reported a liability of \$62,505,269 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	\$ 62,505,269
State's proportionate share that is associated with the District	83,055,521
Total	\$ 145,560,790

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

At August 31, 2020, the District's proportion of the collective Net OPEB Liability was 0.13217097% compared to 0.13318151% as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the Total OPEB liability (TOL.)
- The health care trend rates were reset to better reflect the plan’s anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$2,189,003 and revenue of \$1,246,381 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,066,415	\$ 10,228,324
Changes in actuarial assumptions	3,471,680	16,812,383
Difference between projected and actual investment earnings	6,743	-
Changes in proportion and difference between District contributions and the proportionate share of contributions	1,717,712	559,914
Contributions paid to TRS subsequent to the measurement date	978,646	-
Total	\$ 9,241,196	\$ 27,600,621

\$978,646 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, 2021.

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>
2021	\$ (3,274,427)
2022	(3,274,427)
2023	(3,276,610)
2024	(3,277,858)
2025	(3,277,516)
Thereafter	<u>(2,957,233)</u>
Total	<u>\$ (19,338,071)</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 \$524,250, \$395,582 and \$403,067 for the years ended August 31, 2020, 2019 and 2018, respectively.

Note 13 - Workers Compensation and Health Insurance

During the year ended August 31, 2020, 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.

Abilene Independent School District

Notes to Financial Statements

August 31, 2020

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

	<u>2020</u>	<u>2019</u>
Claims payable beginning of year	\$ 226,651	\$ 318,017
Claims incurred	360,430	475,805
Claims paid	<u>(393,415)</u>	<u>(567,171)</u>
Claims payable end of year	<u>\$ 193,666</u>	<u>\$ 226,651</u>

Note 14 - Unearned Revenue and Deferred Inflows of Resources

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
August athletic ticket sales, lost textbooks, and parking receipts	\$ 46,869	\$ -	\$ 46,869
State and local grant revenue	-	2,377,944	2,377,944
Federal grant revenue	-	13,444	13,444
	<u>\$ 46,869</u>	<u>\$ 2,391,388</u>	<u>\$ 2,438,257</u>

Note 15 - Revenues from Local and Intermediate Sources

For the year ended August 31, 2020, revenues from local and intermediate sources reported in the fund financial statements for governmental fund types consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 45,980,218	\$16,576,203	\$ -	\$ -	\$62,556,421
Food sales	-	-	-	1,158,837	1,158,837
Investment income	811,320	61,618	1,215,152	41,624	2,129,714
Penalties, interest & other tax related income	407,017	95,448	-	-	502,465
Co-curricular student activities	621,254	-	-	277,862	899,116
Tuition and fees	31,705	-	-	-	31,705
Gifts and bequests	20,787	-	-	256,156	276,943
Other	366,021	-	-	353,997	720,018
	<u>\$ 48,238,322</u>	<u>\$16,733,269</u>	<u>\$ 1,215,152</u>	<u>\$ 2,088,476</u>	<u>\$68,275,219</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 \$539,474 at August 31, 2020 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 July 15, 2020, Abilene Independent School District issued \$69,920,246 in Unlimited Tax Refunding Bonds, Series 2020. The bonds were issued with a premium of \$12,971,642. The proceeds of the refunding were used to refund outstanding debt of the Unlimited Tax Refunding Bonds, Series 2014. The District established a defeasance escrow to defease a portion of the District's outstanding Unlimited Tax Refunding Bonds, Series 2014. The District deposited directly with a paying agent for the defeased bonds funds in the amount of \$83,541,894, sufficient to provide the final payment and redemption of the defeased bonds. The defeased bonds are no longer regarded as being outstanding, except for the purpose of being paid from funds on deposit in the escrow fund. The payment to the escrow was recorded as other financing uses paid from the Debt Service Fund. As of August 31, 2020, the remaining outstanding principal of the defeased bonds was \$69,922,882. The defeasance resulted in cash flow savings of approximately \$14 million for the District.

Debt service requirements on bonds payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 7,320,000	\$ 8,847,337	\$ 16,167,337
2022	8,965,000	8,440,212	17,405,212
2023	9,420,000	7,980,587	17,400,587
2024	9,540,000	7,522,137	17,062,137
2025	7,526,030	9,541,482	17,067,512
2026-2030	45,914,216	34,751,144	80,665,360
2031-2035	60,710,000	19,944,495	80,654,495
2036-2040	39,500,000	11,552,644	51,052,644
2041-2044	31,650,000	3,263,750	34,913,750
	<u>\$ 220,545,246</u>	<u>\$ 111,843,788</u>	<u>\$ 332,389,034</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, 2020 was \$2,956,249.

Presented below is a summary of the sinking fund requirements:

Fiscal Year	Annual Requirements
2021	\$ 276,644
2022	276,644
2023	276,644
2024	276,644
2025	276,644
2026	276,644
Total sinking fund requirements	\$ 1,659,864

Capital Leases

In April 2020, Abilene Independent School District entered into capital leases for the use of vehicles. Debt service requirements on capital leases are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2021	\$ 99,871	\$ 22,193	\$ 122,064
2022	99,871	22,193	122,064
2023	99,871	22,193	122,064
2024	59,604	14,009	73,613
	\$ 359,217	\$ 80,588	\$ 439,805

Abilene Independent School District
Notes to Financial Statements
August 31, 2020

Long-term debt of the District is reflected in the statement of net position at August 31, 2020. A summary of the changes in long-term liabilities follows:

	Rate Payable	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Unlimited Tax Refunding Bonds, Series 2012	2.0%-5.0%	\$ 11,160,000	\$ -	\$ (2,605,000)	\$ 8,555,000	\$ 2,735,000
Unlimited Tax School Bldg Bonds, Series 2014 Current Interest Bonds	3.0%-5.0%	70,825,000	-	(61,970,000)	8,855,000	2,780,000
Unlimited Tax School Bldg Bonds, Series Capital Appreciation Bonds 2014	3.0%-5.0%	10,592,882	-	(10,592,882)	-	-
Unlimited Tax School Refng Bonds, Series 2014	4.4%	6,350,000	-	-	6,350,000	-
Unlimited Tax School Bldg Bonds, Series 2019	4.0%-5.0%	126,865,000	-	-	126,865,000	1,805,000
Unlimited Tax Refunding Bonds, Series Capital Appreciation Bonds 2020	1.8%-5.0%	-	1,380,246	-	1,380,246	-
Unlimited Tax Refunding Bonds, Series 2020 Current Interest Bonds	1.8%-5.0%	-	68,540,000	-	68,540,000	-
Bonds payable-subtotal		<u>225,792,882</u>	<u>69,920,246</u>	<u>(75,167,882)</u>	<u>220,545,246</u>	<u>7,320,000</u>
Accretion on CAB, Series 2014		2,861,427	606,072	(3,467,499)	-	-
Accretion on CAB, Series 2020		-	6,372,181	-	6,372,181	-
Accretion-subtotal		<u>2,861,427</u>	<u>6,978,253</u>	<u>(3,467,499)</u>	<u>6,372,181</u>	<u>-</u>
Unamortized Premium on Bonds, Series 2012		1,601,895	-	(457,684)	1,144,211	-
Unamortized Premium on Bonds, Series 2014 Building		6,997,181	-	(6,257,706)	739,475	-
Unamortized Premium on Bonds, Series 2014 Refunding		444,146	-	(74,025)	370,121	-
Unamortized Premium on Bonds, Series 2019 Building		13,539,760	-	(552,643)	12,987,117	-
Unamortized Premium on Bonds, Series 2020 Refunding		-	12,971,642	(206,333)	12,765,309	-
Unamortized premium-subtotal		<u>22,582,982</u>	<u>12,971,642</u>	<u>(7,548,391)</u>	<u>28,006,233</u>	<u>-</u>
Net bonds payable		<u>251,237,291</u>	<u>89,870,141</u>	<u>(86,183,772)</u>	<u>254,923,660</u>	<u>7,320,000</u>
Qualified School Construction Maintenance Tax and Revenue Notes, Series 2011	6.55%	5,515,000	-	-	5,515,000	-
Compensated absences		487,153	52,321	-	539,474	-
Capital leases	7.7%	-	403,748	(44,531)	359,217	99,871
Other long-term liabilities-subtotal		<u>487,153</u>	<u>456,069</u>	<u>(44,531)</u>	<u>898,691</u>	<u>99,871</u>
Total long-term liabilities		<u>\$ 257,239,444</u>	<u>\$ 90,326,210</u>	<u>\$ (86,228,303)</u>	<u>\$ 261,337,351</u>	<u>\$ 7,419,871</u>

Unamortized bond premiums on the 2012, 2014, 2019 and 2020 Series bonds are reported with long-term bonds payable on the statement of net position.

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

Note 19 - Commitments Under Operating Leases

Commitments under operating lease agreements for equipment provide for minimum future rental payments as of August 31, 2020 are as follows:

<u>Year Ending August 31,</u>		
2021	\$	318,508
2022		318,508
2023		<u>291,965</u>
Total minimum future lease payments	\$	<u><u>928,981</u></u>

Note 20 - 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, 2020, the District had \$1,279,248 and \$870,026 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, 2020, \$600,192 was restricted for other federal and state grants. Fund balance restricted for the retirement of funded indebtedness totaled \$4,679,023 as of August 31, 2020. Fund balance restricted for capital acquisition and contractual obligation totaled \$59,662,696.
- 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, 2020, the District had \$5,905,065 committed for future construction projects, \$502,218 committed for future Shotwell Stadium improvements, and \$296,907 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, 2020, the District had fund balance assigned for open encumbrances of \$5,364,969 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 21 - 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	\$ 112,799
School Health and Related Services	n/a	1,681,126
Impact Aid, Public Law 81-874	84.041	351,227
COVID-19 Coronavirus Relief Funds	29.019	108,123
QSCB interest subsidy	n/a	284,227
Indirect costs		
Title I - Part A	84.010	264,555
IDEA B Formula	84.027	200,557
IDEA B Discretionary	84.027	1,500
IDEA B Preschool	84.173	10,012
Carl D Perkins Basic Grant Formula	84.048	7,554
Title II, Part A - Teacher, Principal, Training & Recruitment	84.367	25,835
Title IV - Part A	84.424	15,334
AEL Adult Education & Literacy	84.002A	36,905
AEL Temporary Assistance for Needy Families	93.558	4,574
Title I School Improvement - Instructional Continuity	84.377	114
Total		\$ 3,104,442

Note 22 - 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.

Note 23 - Budget Expenditures

The District reported expenditures in excess of budgeted amounts for the following functions for the year ended August 31, 2020:

	Budgeted	Actual	Variance
General Fund			
0023 School leadership	\$ 8,518,806	\$ 8,539,569	\$ (20,763)
0031 Guidance, counseling and evaluation services	5,664,480	5,855,602	(191,122)
0035 Food services	-	8,236	(8,236)
0061 Community services	644,345	649,119	(4,774)
0071 Principal on long term debt	-	44,531	(44,531)

Note 24 - Subsequent Events

On October 28, 2020, the District sold the land and building of the existing Taylor Elementary campus for approximately \$4.3 million. Proceeds will be used in the construction of the new campus.



Required Supplementary Information
August 31, 2020

Abilene Independent School District

Abilene Independent School District
Budgetary Comparison Schedule – General Fund (Exhibit G-1)
Year Ended August 31, 2020

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	\$ 48,284,857	\$ 48,299,446	\$ 48,238,322	\$ (61,124)
5800	State program revenues	90,111,606	95,311,606	92,807,793	(2,503,813)
5900	Federal program revenues	3,191,000	3,191,000	3,104,442	(86,558)
5020	Total revenues	<u>141,587,463</u>	<u>146,802,052</u>	<u>144,150,557</u>	<u>(2,651,495)</u>
Expenditures					
Current					
0011	Instruction	77,757,194	80,365,822	78,518,832	1,846,990
0012	Instructional resources and media services	2,066,081	2,089,936	2,053,589	36,347
0013	Curriculum and instructional staff development	2,127,156	2,452,881	2,380,623	72,258
0021	Instructional leadership	3,079,700	3,065,629	3,003,140	62,489
0023	School leadership	8,829,172	8,518,806	8,539,569	(20,763)
0031	Guidance, counseling and evaluation services	5,659,936	5,664,480	5,855,602	(191,122)
0032	Social work services	930,759	1,005,759	1,005,280	479
0033	Health services	2,102,466	2,278,781	2,158,001	120,780
0034	Student (pupil) transportation	4,815,306	5,957,917	5,698,392	259,525
0035	Food services	-	-	8,236	(8,236)
0036	Extracurricular activities	4,817,542	4,921,128	4,506,208	414,920
0041	General administration	4,924,272	4,782,038	4,620,010	162,028
0051	Facilities maintenance and operations	14,327,559	14,331,502	13,548,823	782,679
0052	Security and monitoring services	663,658	672,298	602,115	70,183
0053	Data processing services	5,459,766	6,655,920	6,160,979	494,941
0061	Community services	552,914	644,345	649,119	(4,774)
Debt service					
0071	Principal on long term debt	-	-	44,531	(44,531)
0072	Interest on long term debt	380,000	382,000	371,129	10,871
Capital outlay					
0081	Facilities acquisition and construction	-	1,782,944	721,776	1,061,168
Intergovernmental					
0095	Payments to juvenile alternative Ed. Prg.	135,000	100,000	67,005	32,995
0099	Other intergovernmental charges	500,000	575,000	474,646	100,354
6030	Total expenditures	<u>139,128,481</u>	<u>146,247,186</u>	<u>140,987,605</u>	<u>5,259,581</u>
1100	Excess (deficiency) of revenues over (under) expenditures	2,458,982	554,866	3,162,952	2,608,086
Other financing sources (uses)					
7912	Sale of real and personal property	-	-	23,010	23,010
7913	Proceeds from capital leases	-	-	403,748	403,748
7949	Other resources	-	-	37,404	37,404
7080	Total other financing sources (uses)	-	-	464,162	464,162
1200	Net change in fund balances	2,458,982	554,866	3,627,114	3,072,248
0100	Fund balance - beginning	41,213,257	41,213,257	41,213,257	-
3000	Fund balance - ending	<u>\$ 43,672,239</u>	<u>\$ 41,768,123</u>	<u>\$ 44,840,371</u>	<u>\$ 3,072,248</u>

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, 2020

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.094677311%	0.095626682%	0.095703310%	0.094585349%	0.100625900%	0.064298800%
District's proportionate share of net pension liability	\$ 49,216,226	\$ 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	72,420,575	80,725,719	48,982,745	60,001,221	56,952,497	49,522,165
Totals	<u>\$ 121,636,801</u>	<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	\$ 102,976,616	\$ 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	47.79%	51.51%	30.43%	36.39%	37.27%	18.63%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	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 2015.

Abilene Independent School District
Schedule of District's Contributions – Teacher Retirement System to Texas (Exhibit G-3)
Year Ended August 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 3,549,529	\$ 3,287,469	\$ 3,216,684	\$ 3,136,596	\$ 3,005,216	\$ 2,979,577
Contribution in relation to the contractually required contributions	<u>(3,549,529)</u>	<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>	<u>\$ -</u>
District's covered payroll	\$ 109,680,694	\$ 102,976,616	\$ 102,183,362	\$ 100,562,501	\$ 98,232,144	\$ 95,430,501
Contributions as a percentage of covered payroll	3.24%	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 2015.

Abilene Independent School District
Schedule of District's Proportionate Share of the Net OPEB Liability (Exhibit G-4)
Year Ended August 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.132170966%	0.133181501%	0.129601183%
District's proportionate share of net OPEB liability	\$ 62,505,269	\$ 66,498,743	\$ 56,358,693
State's proportionate share of the net OPEB liability associated with the District	<u>83,055,521</u>	<u>81,656,572</u>	<u>73,614,932</u>
Totals	<u>\$145,560,790</u>	<u>\$148,155,315</u>	<u>\$129,973,625</u>
District's covered payroll	\$102,976,616	\$102,183,362	\$100,562,501
District's proportionate share of net OPEB liability as a percentage of its covered payroll	60.70%	65.08%	56.04%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 978,646	\$ 924,465	\$ 664,200
Contribution in relation to the contractually required contributions	<u>(978,646)</u>	<u>(924,465)</u>	<u>(664,200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 109,680,694	\$ 102,976,616	\$ 102,183,362
Contributions as a percentage of covered payroll	0.89%	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 single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has been changed to the long-term rate of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or 42,000, whichever is less.

Note 3 - OPEB

Changes of Benefit Terms

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

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

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the Total OPEB Liability (TOL).
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased TOL.



Other Supplementary Information
August 31, 2020

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
	Assets				
1110	Cash and cash equivalents	\$ 7,324	\$ -	\$ -	\$ -
1120	Investments - current	-	-	-	-
1240	Receivables from other governments	-	258,916	58,691	693,642
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	\$ 7,324	\$ 258,916	\$ 58,691	\$ 693,642
	Liabilities				
2110	Accounts payable	\$ -	\$ 4,061	\$ 12,044	\$ 87,344
2160	Accrued wages payable	-	113,118	-	228,602
2170	Due to other funds	-	139,380	46,647	377,207
2200	Accrued expenditures	-	427	-	489
2300	Unearned revenues	7,324	1,930	-	-
2000	Total liabilities	7,324	258,916	58,691	693,642
	Fund Balances				
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - federal or state funds grant	-	-	-	-
3545	Committed - other	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	Total liabilities, deferred inflows and fund balances	\$ 7,324	\$ 258,916	\$ 58,691	\$ 693,642

Abilene Independent School District
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)
August 31, 2020

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
\$ -	\$ -	\$ -	\$ 2,030	\$ 32,514	\$ -	\$ -
-	-	-	1,416,309	-	-	-
551,950	18,781	5,669	158,351	64,498	52,815	82,661
-	-	-	27,406	69,475	-	-
-	-	-	532	-	-	-
-	-	-	302,385	-	-	-
<u>\$ 551,950</u>	<u>\$ 18,781</u>	<u>\$ 5,669</u>	<u>\$ 1,907,013</u>	<u>\$ 166,487</u>	<u>\$ 52,815</u>	<u>\$ 82,661</u>
\$ -	\$ -	\$ -	\$ 48,853	\$ -	\$ 8,936	\$ 236
212,340	13,033	2,278	166,750	-	2,595	13,454
338,921	5,748	3,391	954,766	-	41,284	68,971
689	-	-	554	-	-	-
-	-	-	-	-	-	-
<u>551,950</u>	<u>18,781</u>	<u>5,669</u>	<u>1,170,923</u>	<u>-</u>	<u>52,815</u>	<u>82,661</u>
-	-	-	302,385	-	-	-
-	-	-	433,705	166,487	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>736,090</u>	<u>166,487</u>	<u>-</u>	<u>-</u>
<u>\$ 551,950</u>	<u>\$ 18,781</u>	<u>\$ 5,669</u>	<u>\$ 1,907,013</u>	<u>\$ 166,487</u>	<u>\$ 52,815</u>	<u>\$ 82,661</u>

Data Control Codes		276	281	288-00
		Instructional Continuity	ROTC	Early Head Start
Assets				
1110	Cash and cash equivalents	\$ -	\$ 1,463	\$ 15,260
1120	Investments - current	-	-	-
1240	Receivables from other governments	2,239	-	312,952
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1000	Total assets	<u>\$ 2,239</u>	<u>\$ 1,463</u>	<u>\$ 328,212</u>
Liabilities				
2110	Accounts payable	\$ 2,125	\$ 224	\$ 4,096
2160	Accrued wages payable	-	-	134,840
2170	Due to other funds	114	-	186,325
2200	Accrued expenditures	-	-	-
2300	Unearned revenues	-	1,239	2,951
2000	Total liabilities	<u>2,239</u>	<u>1,463</u>	<u>328,212</u>
Fund Balances				
3410	Nonspendable - inventories	-	-	-
3450	Restricted - federal or state funds grant	-	-	-
3545	Committed - other	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 2,239</u>	<u>\$ 1,463</u>	<u>\$ 328,212</u>

Abilene Independent School District
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)
August 31, 2020

288-01 Child & Adult Care Food Program	289-03 Summer School LEP	289-04 Title IV, Part A	289-07 NSLP Equipment Grant	309 SSA Adult Basic Education	312 SSA - TANF Family Assistance	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,530
-	-	-	-	-	-	-
30,983	-	58,718	-	50,705	5,269	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 30,983</u>	<u>\$ -</u>	<u>\$ 58,718</u>	<u>\$ -</u>	<u>\$ 50,705</u>	<u>\$ 5,269</u>	<u>\$ 11,530</u>
\$ -	\$ -	\$ 150	\$ -	\$ 979	\$ -	\$ -
-	-	14,835	-	15,103	2,570	-
30,983	-	43,733	-	34,623	2,699	-
-	-	-	-	-	-	-
-	-	-	-	-	-	11,530
<u>30,983</u>	<u>-</u>	<u>58,718</u>	<u>-</u>	<u>50,705</u>	<u>5,269</u>	<u>11,530</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 30,983</u>	<u>\$ -</u>	<u>\$ 58,718</u>	<u>\$ -</u>	<u>\$ 50,705</u>	<u>\$ 5,269</u>	<u>\$ 11,530</u>

Data Control Codes		410 Instructional Materials Allotment	412 CCPO	429 Other State Funded Special Revenue Funds	431 Adult Basic Education State
	Assets				
1110	Cash and cash equivalents	\$ 104,145	\$ -	\$ 6,467	\$ -
1120	Investments - current	-	-	-	-
1240	Receivables from other governments	-	-	-	12,296
1260	Due from other funds	870,026	498,894	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	\$ 974,171	\$ 498,894	\$ 6,467	\$ 12,296
	Liabilities				
2110	Accounts payable	\$ 114,190	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	6,411
2170	Due to other funds	-	-	-	5,885
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenues	859,981	498,894	6,467	-
2000	Total liabilities	974,171	498,894	6,467	12,296
	Fund Balances				
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - federal or state funds grant	-	-	-	-
3545	Committed - other	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	Total liabilities, deferred inflows and fund balances	\$ 974,171	\$ 498,894	\$ 6,467	\$ 12,296

Abilene Independent School District
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)
August 31, 2020

435	461	499	Total Nonmajor Governmental Funds
State Deaf	Campus Activity Fund	Other Local Special Revenue Funds	
\$ -	\$ 297,750	\$ 378,736	\$ 857,219
-	-	-	1,416,309
33,045	-	-	2,452,181
-	7	628,604	2,094,412
-	182	15,605	16,319
-	-	-	302,385
<u>\$ 33,045</u>	<u>\$ 297,939</u>	<u>\$ 1,022,945</u>	<u>\$ 7,138,825</u>
\$ -	\$ 1,003	\$ 653	\$ 284,894
14,525	-	9,901	950,355
18,520	-	10,885	2,310,082
-	29	434	2,622
-	-	1,001,072	2,391,388
<u>33,045</u>	<u>1,032</u>	<u>1,022,945</u>	<u>5,939,341</u>
-	-	-	302,385
-	-	-	600,192
-	296,907	-	296,907
<u>-</u>	<u>296,907</u>	<u>-</u>	<u>1,199,484</u>
<u>\$ 33,045</u>	<u>\$ 297,939</u>	<u>\$ 1,022,945</u>	<u>\$ 7,138,825</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
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	2,545,805	105,141	5,011,520
5020	Total revenues	-	2,545,805	105,141	5,011,520
	Expenditures				
	Current				
0011	Instruction	-	1,314,982	-	3,716,537
0012	Instructional resources and media services	-	60,820	-	49,324
0013	Curriculum and instructional staff development	-	193,176	-	233,455
0021	Instructional leadership	-	7,808	77	221,487
0023	School leadership	-	229,255	-	129,054
0031	Guidance, counseling, and evaluation services	-	103,321	-	81,718
0032	Social work services	-	168,306	105,064	191,232
0033	Health services	-	63,042	-	-
0034	Student (pupil) transportation	-	25,244	-	38,492
0035	Food services	-	5,778	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	22,069	-	-
0061	Community services	-	76,176	-	350,221
	Capital outlay				
0081	Facilities acquisition and construction	-	275,828	-	-
6030	Total expenditures	-	2,545,805	105,141	5,011,520
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other financing sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	-	-	-	-
0100	Fund balance, beginning	-	-	-	-
3000	Fund balance, ending	\$ -	\$ -	\$ -	\$ -

Abilene Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds (Exhibit H-2)
Year Ended August 31, 2020

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
\$ -	\$ -	\$ -	\$ 1,200,691	\$ 40	\$ -	\$ -
-	-	-	295,327	-	-	-
3,798,178	189,730	28,359	5,308,094	154,181	197,871	489,155
<u>3,798,178</u>	<u>189,730</u>	<u>28,359</u>	<u>6,804,112</u>	<u>154,221</u>	<u>197,871</u>	<u>489,155</u>
3,562,740	189,730	28,359	-	-	103,842	-
-	-	-	-	-	-	-
-	-	-	-	-	4,690	387,249
39,075	-	-	-	-	-	101,157
-	-	-	-	-	-	749
164,529	-	-	-	-	89,339	-
-	-	-	-	-	-	-
31,834	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	7,989,777	183,223	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	182,248	-	-	-
-	-	-	-	-	-	-
-	-	-	350,000	-	-	-
<u>3,798,178</u>	<u>189,730</u>	<u>28,359</u>	<u>8,522,025</u>	<u>183,223</u>	<u>197,871</u>	<u>489,155</u>
-	-	-	(1,717,913)	(29,002)	-	-
-	-	-	7,551	-	-	-
-	-	-	7,551	-	-	-
-	-	-	(1,710,362)	(29,002)	-	-
-	-	-	2,446,452	195,489	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,090</u>	<u>\$ 166,487</u>	<u>\$ -</u>	<u>\$ -</u>

Data Control Codes		276	281	288-00
		Instructional Continuity	ROTC	Early Head Start
Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	2,125	2,660	2,438,077
5020	Total revenues	<u>2,125</u>	<u>2,660</u>	<u>2,438,077</u>
Expenditures				
Current				
0011	Instruction	2,125	224	1,241,972
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	-	99,679
0021	Instructional leadership	-	-	7,808
0023	School leadership	-	-	381,507
0031	Guidance, counseling, and evaluation services	-	-	104,672
0032	Social work services	-	-	325,699
0033	Health services	-	-	159,969
0034	Student (pupil) transportation	-	-	58,072
0035	Food services	-	-	13,849
0036	Extracurricular activities	-	2,436	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0061	Community services	-	-	44,850
Capital outlay				
0081	Facilities acquisition and construction	-	-	-
6030	Total expenditures	<u>2,125</u>	<u>2,660</u>	<u>2,438,077</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources (Uses)				
7912	Sale of real and personal property	-	-	-
7080	Total other financing sources (uses)	-	-	-
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, 2020

288-01 Child & Adult Care Food Program	289-03 LEP Summer School	289-04 Title IV, Part A	289-07 NSLP Equipment Grant	309 SSA Adult Basic Education	312 SSA - TANF Family Assistance	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
121,446	2,671	290,153	84,335	700,832	86,886	-
<u>121,446</u>	<u>2,671</u>	<u>290,153</u>	<u>84,335</u>	<u>700,832</u>	<u>86,886</u>	<u>-</u>
-	2,671	163,933	-	555,250	73,516	-
-	-	28,696	-	-	-	-
-	-	3,562	-	159	-	-
-	-	38,880	-	66,089	3,946	-
-	-	199	-	43,454	6,798	-
-	-	-	-	35,880	2,626	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
121,446	-	-	84,335	-	-	-
-	-	-	-	-	-	-
-	-	54,883	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>121,446</u>	<u>2,671</u>	<u>290,153</u>	<u>84,335</u>	<u>700,832</u>	<u>86,886</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Data Control Codes		410 Instructional Materials Allotment	412 CCPO	429 Other State Funded Special Revenue Funds	431 Adult Basic Education State
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	2,204,533	15,458	23,650	122,849
5900	Federal program revenues	-	-	-	-
5020	Total revenues	2,204,533	15,458	23,650	122,849
	Expenditures				
	Current				
0011	Instruction	2,204,533	-	-	94,541
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	23,650	3,774
0021	Instructional leadership	-	-	-	11,142
0023	School leadership	-	198	-	9,723
0031	Guidance, counseling, and evaluation services	-	-	-	3,669
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	15,260	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0061	Community services	-	-	-	-
	Capital outlay				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	2,204,533	15,458	23,650	122,849
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other financing sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	-	-	-	-
0100	Fund balance, beginning	-	-	-	-
3000	Fund balance, ending	\$ -	\$ -	\$ -	\$ -

Abilene Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds (Exhibit H-2)
Year Ended August 31, 2020

435	461	499	Total Nonmajor Governmental Funds
State Deaf	Campus Activity Fund	Other Local Special Revenue Funds	
\$ -	\$ 277,862	\$ 609,883	\$ 2,088,476
223,107	-	-	2,884,924
-	-	-	21,557,219
<u>223,107</u>	<u>277,862</u>	<u>609,883</u>	<u>26,530,619</u>
223,107	204,403	202,253	13,884,718
-	-	-	138,840
-	-	8,436	957,830
-	-	6,388	503,857
-	348	2,688	803,973
-	-	357,070	942,824
-	-	10,000	800,301
-	-	-	254,845
-	-	-	121,808
-	-	10,000	8,423,668
-	-	13,048	15,484
-	-	-	54,883
-	-	-	204,317
-	-	-	471,247
-	-	-	625,828
<u>223,107</u>	<u>204,751</u>	<u>609,883</u>	<u>28,204,423</u>
-	73,111	-	(1,673,804)
-	-	-	7,551
-	-	-	7,551
-	73,111	-	(1,666,253)
-	223,796	-	2,865,737
<u>\$ -</u>	<u>\$ 296,907</u>	<u>\$ -</u>	<u>\$ 1,199,484</u>



Required TEA Schedules
August 31, 2020

Abilene Independent School District

<u>Last Ten Years Ended August 31</u>	1	2	3
	<u>Tax Rates</u>		Assessed/ Appraised Value for School Tax Purposes
	<u>Maintenance</u>	<u>Debt Service</u>	
2011 (and prior years)	\$ Various	\$ Various	\$ Various
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	1.040000	0.162400	4,670,459,397
2020 (school year under audit)	0.970000	0.351400	5,004,253,793
1000 Totals			

Abilene Independent School District
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Year Ended August 31, 2020

10	20	31	32	40	50
Beginning Balance September 1, 2019	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2020
\$ 182,046	\$ -	\$ 3,934	\$ 349	\$ (12,358)	\$ 165,405
47,303	-	1,044	120	(462)	45,677
43,473	-	1,310	142	(542)	41,479
58,796	-	1,770	187	(508)	56,331
57,705	-	4,893	835	9,298	61,275
70,870	-	8,278	1,358	(159)	61,075
110,570	-	19,942	3,147	846	88,327
214,508	-	60,723	9,243	(25,942)	118,600
761,107	-	397,582	62,084	(99,265)	202,176
<u>-</u>	<u>63,322,580</u>	<u>45,445,845</u>	<u>16,457,534</u>	<u>(485,821)</u>	<u>933,380</u>
<u>\$ 1,546,378</u>	<u>\$ 63,322,580</u>	<u>\$ 45,945,321</u>	<u>\$ 16,534,999</u>	<u>\$ (614,913)</u>	<u>\$ 1,773,725</u>

Abilene Independent School District
 Budgetary Comparison Schedule – Child Nutrition Program (Exhibit J-4)
 Year Ended August 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget	
	Original	Final		Positive (Negative)	
Revenues					
5700	Local and intermediate sources	\$3,280,079	\$3,280,079	\$ 1,200,691	\$(2,079,388)
5800	State program revenues	334,449	334,449	295,327	(39,122)
5900	Federal program revenues	7,553,058	7,553,058	5,308,094	(2,244,964)
5020	Total revenues	11,167,586	11,167,586	6,804,112	(4,363,474)
Expenditures					
Current					
0035	Food services	10,765,660	10,465,660	7,989,777	2,475,883
0051	Facilities maintenance and operations	48,625	298,625	182,248	116,377
Capital outlay					
0081	Facilities acquisition and construction	300,000	350,000	350,000	-
6030	Total expenditures	11,114,285	11,114,285	8,522,025	2,592,260
1100	Excess (deficiency) of revenues over (under) expenditures	53,301	53,301	(1,717,913)	(1,771,214)
Other financing sources (uses)					
7912	Sale of real and personal property	-	-	7,551	7,551
7080	Total other financing sources (uses)	-	-	7,551	7,551
1200	Net change in fund balances	53,301	53,301	(1,710,362)	(1,763,663)
0100	Fund balance, beginning	2,446,452	2,446,452	2,446,452	-
3000	Fund balance, ending	\$2,499,753	\$2,499,753	\$ 736,090	\$(1,763,663)

Abilene Independent School District
 Budgetary Comparison Schedule – Debt Service Fund (Exhibit J-5)
 Year Ended August 31, 2020

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget - Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$16,554,617	\$18,054,617	\$ 16,733,269	\$(1,321,348)
5800	State program revenues	1,339,405	1,339,405	1,101,214	(238,191)
5020	Total revenues	<u>17,894,022</u>	<u>19,394,022</u>	<u>17,834,483</u>	<u>(1,559,539)</u>
Expenditures					
Debt service					
0071	Principal on long term debt	5,245,000	5,245,000	5,245,000	-
0072	Interest on long term debt	12,649,022	12,649,022	11,298,449	1,350,573
0073	Bond issuance costs and fees	-	1,500,000	995,028	504,972
6030	Total expenditures	<u>17,894,022</u>	<u>19,394,022</u>	<u>17,538,477</u>	<u>1,855,545</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>296,006</u>	<u>296,006</u>
Other financing sources (uses)					
7911	Issuance of bonds	-	-	69,920,246	69,920,246
7916	Premium or (discount) on issuance of bonds	-	-	12,971,642	12,971,642
8940	Payment to refunded bonds escrow agent	-	-	(83,541,894)	(83,541,894)
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(650,006)</u>	<u>(650,006)</u>
1200	Net change in fund balances	-	-	(354,000)	(354,000)
0100	Fund balance, beginning	<u>2,076,774</u>	<u>2,076,774</u>	<u>2,076,774</u>	<u>-</u>
3000	Fund balance, ending	<u>\$ 2,076,774</u>	<u>\$ 2,076,774</u>	<u>\$ 1,722,774</u>	<u>\$ (354,000)</u>



Federal Award Section
August 31, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Abilene, Texas
December 18, 2020



Independent Auditor's Report on Compliance for the 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 the 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 the District's major federal program for the year ended August 31, 2020. The District's major federal program is 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 the District's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the 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 its major federal program for the year ended August 31, 2020.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.



Abilene, Texas
December 18, 2020

Abilene Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended August 31, 2020

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	\$ 351,227
	Passed Through Texas Workforce Commission:		
0918ALAB00	AEL - Professional Development	84.002	15,889
0918ALAC00	AEL - Professional Development	84.002	1,346
0918ALAB00	AEL- Adult Education and Literacy	84.002	583,314
0918ALAC00	AEL- Adult Education and Literacy	84.002	40,836
0918ALAB00	AEL - El Civics	84.002	87,056
0918ALAC00	AEL - El Civics	84.002	7,093
0920AEL001	AEL - Federal Workforce Integration Initiative	84.002	2,203
	Total CFDA Number 84.002		<u>737,737</u>
0918ALAB00	AEL - Temporary Assistance for Needy Families	93.558	86,191
0918ALAC00	AEL - Temporary Assistance for Needy Families	93.558	5,269
	Total TANF Cluster		<u>91,460</u>
	Total Passed Through Texas Workforce Commission		<u>829,197</u>
	Passed Through Texas Education Agency		
19610101221901	ESEA Title I, Part A - Improving Basic Programs	84.010	23,905
20610101221901	ESEA Title I, Part A - Improving Basic Programs	84.010	5,087,437
19610141221901	ESEA Title I, Part A - School Improvement	84.010	23,839
20610141221901	ESEA Title I, Part A - School Improvement	84.010	130,500
20610103221901	ESEA Title I, Part D, Subpart 2	84.010	10,394
	Total CFDA Number 84.010		<u>5,276,075</u>
	Special Education Cluster		
196600012219016600	IDEA-B Formula	84.027	7,616
206600012219016600	IDEA-B Formula	84.027	3,991,119
206600112219016673	IDEA-B Discretionary Deaf	84.027	29,859
	Total CFDA Number 84.027		<u>4,028,594</u>
206610012219016610	IDEA-B Preschool	84.173	183,296
216610012219016610	IDEA-B Preschool	84.173	16,446
	Total CFDA Number 84.173		<u>199,742</u>
	Total Special Education Cluster		<u>4,228,336</u>
20420006221901	Carl D. Perkins Basic Grant Formula for CATE	84.048	201,174
21420006221901	Carl D. Perkins Basic Grant Formula for CATE	84.048	4,251
	Total CFDA Number 84.048		<u>205,425</u>
19694501221901	Title II, Part A - Teacher, Principal, Training & Recruitment	84.367	4,514
20694501221901	Title II, Part A - Teacher, Principal, Training & Recruitment	84.367	510,476
	Total CFDA Number 84.367		<u>514,990</u>

Abilene Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended August 31, 2020

Project Number	Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Expenditures, Indirect Costs, & Refunds
19680101221901	Title IV, Part A - Student Support and Academic Enrichment Program	84.424	433
20680101221901	Title IV, Part A - Student Support and Academic Enrichment Program	84.424	305,054
	Total CFDA Number 84.424		<u>305,487</u>
	Passed Through Texas Education Agency		
17610740221901	Title I School Improvement - Instructional Continuity	84.377	2,239
69551802	LEP Summer School	84.369A	2,671
	Total Passed Through Texas Education Agency		<u>10,535,223</u>
	Passed Through ESC Region 14		
204600057110057	McKinney-Vento Homeless Education TEHCY Shared Services Arrangement	84.196	105,141
	Total Passed Through ESC Region 14		<u>105,141</u>
	Total Department of Education		<u>11,820,788</u>
	Department of Treasury		
	Passed Through TDEM (Texas Division of Emergency Management)		
218	COVID-19 Coronavirus Relief Funds	21.019	108,123
	Total Passed Through TDEM		<u>108,123</u>
	Total Department of Treasury		<u>108,123</u>
06CH010462-03-00	Head Start	93.600	1,789,741
06CH010462-04-00	Head Start	93.600	749,493
06CH010462-04-01	Head Start COVID-19	93.600	6,571
06CH010462-03-00	Early Headstart	93.600	1,532,519
06CH010462-04-00	Early Headstart	93.600	891,678
06CH010462-04-01	Early Headstart COVID-19	93.600	13,880
	Total CFDA Number 93.600		<u>4,983,882</u>
	Total Dept. of Health & Human Services		<u>5,092,005</u>
	U.S. Department of Agriculture		
	Direct Program		
01034	Summer Food Service Program for Children*	10.559	154,181
	Passed Through Texas Education Agency:		
71402001	School Breakfast Program*	10.553	1,245,121
71302001	National School Lunch Program - cash assistance*	10.555**	3,971,818
	Total Passed Through Texas Education Agency		<u>5,216,939</u>
	Passed Through the Texas Department of Agriculture:		
	National School Lunch Program*		
01034	-non cash assistance	10.555**	91,155
	NSLP Equipment Grant	10.579	84,335
01785	Child and Adult Care Food Program	10.558	121,446
			<u>296,936</u>
	Total Department of Agriculture		<u>5,668,056</u>
			<u>5,546,610</u>
			<u>4,062,973</u>

* Total Child Nutrition Cluster

** Total National School Lunch Program (CFDA 10.555)

Abilene Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended August 31, 2020

Project Number	Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Expenditures, Indirect Costs, & Refunds
	U.S. Department of Defense		
	Direct		
Not available	ROTC	12.000	2,660
Not available	ROTC Reimbursement	12.000	112,799
	Total CFDA Number 12.000		115,459
	Total Department of Defense		115,459
	Total Federal Awards		\$ 22,696,308

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, 2020. 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	\$ 22,696,308
School Health Related Services (SHARS)	1,681,126
Qualified School Construction bond interest subsidy	<u>284,227</u>
 Total federal program revenues - Exhibit C-2	 <u><u>\$ 24,661,661</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, 2020, the District had food commodities totaling \$310,041 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:

Name of Federal Program	CFDA Number
Head Start / Early Head Start	93.600
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

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, 2020

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 6,372,181