

**LINDALE  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT  
AUGUST 31, 2020**

LINDALE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2020

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CERTIFICATE OF BOARD

Lindale Independent School District  
Name of School District

Smith  
County

212-903  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2020 at a meeting of the Board of Trustees of such school district on the 14 of December 2020.

Donny Williams  
Signature of Board Secretary

Mike Lomax  
Signature of Board President

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



**UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION INCLUDING THE  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Independent Auditors' Report

Board of Trustees  
Lindale Independent School District  
505 Pierce Street  
Lindale, TX 75771

Members of the Board:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the business-type activities and the aggregate remaining fund information of Lindale 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Lindale Independent School District as of August 31, 2020, and the respective changes in financial position 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 on pages 5-11, budgetary comparison information on page 54, schedule of the District's proportionate share of the net pension liability (TRS) on pages 55-56, schedule of District contributions to TRS on pages 57-58, schedule of the District's proportionate share of the OPEB liability (TRS) on page 59, and schedule of District contributions to TRS OPEB plan on page 60 to 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 Lindale Independent School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-3 and L-1. 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the Lindale Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lindale Independent School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." The signature is written in a cursive style with a small circle between the ampersand and the word "Henderson".

**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

December 8, 2020

# LINDALE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the 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

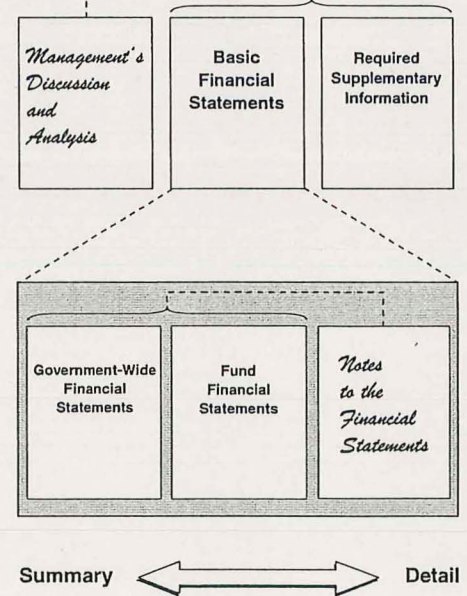
- The District's total combined net position was \$18,809,213 at August 31, 2020.
- During the year, the District's total General Fund balance increased by \$3,889,321.
- The District's M&O tax rate decreased to \$1.01 and I&S rate increased to \$0.35.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, notes to those statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the government, reporting the District's operations in more detail than the Government-Wide Statements.
  - The Governmental Fund Statements tell how general government services were financed in the short term as well as what remains for future spending.
  - Proprietary Fund Statements offer financial information about the internal service fund used to report activities that provide services to organizations within the District.
  - 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.

Figure A-1. Required Components of the District's Annual Financial Report



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. Figure A-1 on page 5 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 (below) summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**FIGURE A-2**  
**MAJOR FEATURES OF THE DISTRICT’S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

<i>Type of Statement</i>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District’s government (except fiduciary funds) and the District’s component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: self-insurance	Instances in which the District is the trustee or agent for someone else’s resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources 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 soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency’s funds do not currently contain capital assets, although they can
<i>Type of flow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon 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 statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how they have changed. Net Position—the difference between the District’s assets and liabilities—is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District’s tax base.

The government-wide financial statements of the District include the governmental activities. Most of the District’s basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.



## **Fund Financial Statements**

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes 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 types 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-Wide Statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- **Proprietary funds**—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
  - We use internal service funds to report activities that provide supplies and services for the District's other programs and activities—such as the District's Workers Compensation Fund.
- **Fiduciary funds**—The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. 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**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

**Table I**  
**Lindale Independent School District**  
**NET POSITION**

	Governmental Activities 2020	Governmental Activities 2019	Total \$ Change	Total % Change
Current and other assets	\$ 23,594,390	\$ 42,398,277	\$ (18,803,887)	-44.35%
Capital assets	100,625,865	81,093,609	19,532,256	24.09%
Total assets	<u>124,220,255</u>	<u>123,491,886</u>	<u>728,369</u>	<u>0.59%</u>
Deferred outflows of resources	<u>9,424,016</u>	<u>9,534,323</u>	<u>(110,307)</u>	<u>-1.16%</u>
Other liabilities	4,577,663	4,957,554	(379,891)	-7.66%
Long-term liabilities outstanding	79,384,778	83,322,445	(3,937,667)	-4.73%
TRS net pension liability	9,510,045	9,926,436	(416,391)	-4.19%
TRS net OPEB liability	<u>13,829,948</u>	<u>14,079,310</u>	<u>(249,362)</u>	<u>-1.77%</u>
Total liabilities	<u>107,302,434</u>	<u>112,285,745</u>	<u>(4,983,311)</u>	<u>-4.44%</u>
Deferred inflows of resources	<u>7,532,624</u>	<u>4,996,167</u>	<u>2,536,457</u>	<u>50.77%</u>
Net position:				
Net investment in capital assets	22,940,653	25,536,687	(2,596,034)	-10.17%
Restricted	6,405,339	3,221,052	3,184,287	98.86%
Unrestricted	<u>(10,536,779)</u>	<u>(13,013,442)</u>	<u>2,476,663</u>	<u>19.03%</u>
Total net position	<u>\$ 18,809,213</u>	<u>\$ 15,744,297</u>	<u>\$ 3,064,916</u>	<u>19.47%</u>

**Changes in net position.** As shown on the following table, the District's total revenues were \$52,056,247. A significant portion of the District's revenue comes from property taxes and state aid. The total cost of all programs and services was \$48,991,331.

**Governmental Activities**

- Revenues from governmental fund types totaled \$52,056,247, an increase of 14.13% over the preceding year.
- Property tax assessment increased by 9.07% to \$1,563,828,428 with a rate of \$1.01 for maintenance and operation and a rate of \$0.35 for interest and sinking. State funding allotment also increased due to a rise in student ADA and state funding calculation of House Bill 3.
- The cost of all governmental activities this year was \$48,991,331.
- The amount that our taxpayers paid for these activities through property taxes was \$21,169,485.
- Some of the cost was paid by those who directly benefited from the programs of \$883,738 or by operating grants and contributions of \$3,647,167.
- The increase in net position for the year 2020 was primarily the result of increases in state and local funding.

**Table II**  
**Lindale Independent School District**  
**CHANGES IN NET POSITION**

	Governmental Activities 2020	Governmental Activities 2019	Total Change	Total % Change
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for services	\$ 883,738	\$ 1,026,495	\$ (142,757)	-13.91%
Operating grants and contributions	3,647,167	4,694,784	(1,047,617)	-22.31%
<b>General Revenues:</b>				
Property taxes levied for General Purposes	15,714,066	15,424,962	289,104	1.87%
Property taxes levied for Debt Service	5,455,419	4,427,378	1,028,041	23.22%
Grants & contributions not restricted	24,988,431	18,727,986	6,260,445	33.43%
Investments earnings	437,671	853,098	(415,427)	-48.70%
Other general revenues	654,239	420,902	233,337	55.44%
Sale of Capital Assets	275,516	37,036	238,480	643.91%
<b>Total Revenues</b>	<b>52,056,247</b>	<b>45,612,641</b>	<b>6,443,606</b>	<b>14.13%</b>
<b>Expenses:</b>				
Instruction	27,529,093	25,234,772	2,294,321	9.09%
Instructional Resources and Media Services	482,010	478,829	3,181	0.66%
Curriculum and Staff Development	377,871	326,082	51,789	15.88%
Instructional and School Leadership	2,772,640	2,505,997	266,643	10.64%
Guidance, Counseling and Evaluation Services	1,780,563	1,638,040	142,523	8.70%
Social Work Services	1,191	1,189	2	0.17%
Health Services	541,834	481,663	60,171	12.49%
Student (Pupil) Transportation	1,769,523	1,542,943	226,580	14.68%
Food Services	1,857,794	2,025,169	(167,375)	-8.26%
Cocurricular/Extracurricular Activities	2,013,083	2,018,675	(5,592)	-0.28%
General Administration	1,376,519	1,303,179	73,340	5.63%
Plant Maintenance and Operations	4,760,395	3,829,159	931,236	24.32%
Security and Monitoring Services	490,600	341,648	148,952	43.60%
Data Processing Services	195,786	180,172	15,614	8.67%
Community Service	10,841	8,539	2,302	26.96%
Debt Service	2,670,817	2,949,745	(278,928)	-9.46%
Payments to Fiscal Agents/Member Districts of SSA	61,456	32,965	28,491	86.43%
Payments to Juvenile Justice Alternative Ed. Prg.	1,235	1,670	(435)	-26.05%
Other Intergovernmental Charges	298,080	293,297	4,783	1.63%
<b>Total Expenses</b>	<b>48,991,331</b>	<b>45,193,733</b>	<b>3,797,598</b>	<b>8.40%</b>
Increase (Decrease) in Net Position	3,064,916	418,908	2,646,008	631.64%
Net Position Beginning of Year	15,744,297	15,325,389	418,908	2.73%
Net Position End of Year	<b>\$ 18,809,213</b>	<b>\$ 15,744,297</b>	<b>\$ 3,064,916</b>	<b>19.47%</b>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Our analysis focuses on the net changes in fund balances (Table III) of the District's governmental funds.

**Table III**  
**Lindale Independent School District**  
**NET CHANGES IN FUND BALANCES**

	Governmental Funds 2020	Governmental Funds 2019	Total \$ Change	Total % Change
<b>Revenues:</b>				
Local and Intermediate Sources	\$ 22,838,770	\$ 22,161,716	\$ 677,054	3.06%
State Program Revenues	23,657,772	18,973,072	4,684,700	24.69%
Federal Program Revenues	3,532,303	3,300,410	231,893	7.03%
Total Revenues	<u>50,028,845</u>	<u>44,435,198</u>	<u>5,593,647</u>	<u>12.59%</u>
<b>Expenditures:</b>				
Instruction	23,803,686	23,067,431	736,255	3.19%
Instructional resources & media services	420,069	422,792	(2,723)	-0.64%
Curriculum and instructional staff development	373,843	290,726	83,117	28.59%
Instructional and school leadership	2,364,104	2,162,301	201,803	9.33%
Guidance, counseling & evaluation services	1,495,903	1,407,912	87,991	6.25%
Social work and health services	467,648	419,021	48,627	11.60%
Student (pupil) transportation	2,029,013	1,610,903	418,110	25.96%
Food services	1,649,209	1,840,814	(191,605)	-10.41%
Extracurricular activities	1,976,654	1,784,035	192,619	10.80%
General administration	1,179,485	1,120,259	59,226	5.29%
Facilities maintenance & operations	4,325,933	3,484,263	841,670	24.16%
Security & monitoring services	755,752	296,993	458,759	154.47%
Data processing services	174,981	161,662	13,319	8.24%
Community service	10,001	6,516	3,485	53.48%
Debt service	6,395,712	6,227,141	168,571	2.71%
Facilities acquisition and construction	21,234,681	14,179,863	7,054,818	49.75%
Payments to fiscal agent/member of SSA	61,456	32,965	28,491	86.43%
Payments to juvenile justice alternative ed. prg.	1,235	1,670	(435)	-26.05%
Other intergovernmental charges	298,080	293,297	4,783	1.63%
Total Expenditures	<u>69,017,445</u>	<u>58,810,564</u>	<u>10,206,881</u>	<u>17.36%</u>
<b>Excess (Deficiency) of Revenues</b>				
Over (Under) Expenditures	(18,988,600)	(14,375,366)	(4,613,234)	-32.09%
Other Financing Sources (Uses)	<u>275,516</u>	<u>35,351,123</u>	<u>(35,075,607)</u>	<u>-99.22%</u>
<b>Net Change in Fund Balances</b>	<b>(18,713,084)</b>	<b>20,975,757</b>	<b>(39,688,841)</b>	<b>-189.21%</b>
<b>Fund Balance - Beginning of Year</b>	<u>36,103,137</u>	<u>15,127,380</u>	<u>20,975,757</u>	<u>138.66%</u>
<b>Fund Balance - End of Year</b>	<u>\$ 17,390,053</u>	<u>\$ 36,103,137</u>	<u>\$ (18,713,084)</u>	<u>-51.83%</u>

## **General Fund Budgetary Highlights**

Over the course of the year, the District increased its budgeted expenditures several times. The District's General Fund's budgeted balance increased \$1,561,236 during the year ended August 31, 2020. This increase is largely due to budget increase in local and state program revenues due to House Bill 3 and state and federal funding for COVID-19 pandemic revenues and expenses.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2020, the District had \$100,625,865 invested in a broad range of capital assets. This amount represents a net increase of \$19,532,256 due to mainly construction in progress. The District will continue construction projects in fiscal year 2021 as approved with the bond proceeds.

More detailed information about the District's capital asset activity is presented in Note G to the financial statements.

### **Long Term Debt**

At year-end, the District had \$70,534,212 in bonds outstanding versus \$74,104,212 last year. The decrease is due to payments on bonds during the year.

More detailed information about the District's long-term liabilities is presented in Notes H and I to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Net taxable property values used for the 2020-2021 budget preparation increased 12% over the prior year values. The maintenance and operations tax rate decreased to \$0.928 from \$1.01 as a result of state mandated tax compression and the interest and sinking tax rate decreased to \$0.33 from \$0.35 as a result of the increase in property values.
- The District's 2020-2021 refined average daily attendance is expected to decrease slightly due to the COVID pandemic.

These indicators were taken into account when adopting the General Fund budget for 2020-2021. Amounts available for appropriation in the General Fund budget are \$40,672,726, an increase of \$1,879,431 from the final 2019-2020 budget. The increase is due to employee raises and addition of permanent substitute employees for staff absences, personal interactive equipment and cleaning supplies due to the COVID-19 pandemic. State revenue will increase due to tax compression of the M&O tax rate which increases the state funding share of Tier I. The largest expenditure increases will be for employee pay raises.

If these estimates are realized, the District's budgetary General Fund balance is expected to increase slightly at the close of 2020-2021. The Board of Trustees plans to maintain the fund balance at three month operating costs fund balance as suggested by TEA. No other capital projects are planned from the General Fund at this time.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Office at (903) 881-4000.

**BASIC FINANCIAL STATEMENTS**

LINDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2020

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 19,326,864
1220 Property Taxes - Delinquent	882,994
1230 Allowance for Uncollectible Taxes	(3,120)
1240 Due from Other Governments	3,204,480
1290 Other Receivables, Net	18,485
1300 Inventories	68,461
1410 Prepayments	96,226
Capital Assets:	
1510 Land	3,323,948
1520 Buildings and Improvements, Net	78,775,645
1530 Furniture and Equipment, Net	2,436,707
1550 Leased Property Under Capital Leases, Net	1,089,447
1580 Construction in Progress	15,000,118
1000 Total Assets	124,220,255
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	1,510,716
1705 Deferred Outflow Related to TRS Pension	4,976,015
1706 Deferred Outflow Related to TRS OPEB	2,937,285
1700 Total Deferred Outflows of Resources	9,424,016
<b>LIABILITIES</b>	
2110 Accounts Payable	2,237,076
2140 Accrued Interest Payable	117,752
2160 Accrued Wages Payable	1,938,634
2180 Due to Other Governments	8,491
2200 Accrued Expenses	46,583
2300 Unearned Revenue	229,127
Noncurrent Liabilities:	
2501 Due Within One Year	4,020,229
2502 Due in More Than One Year	75,364,549
2540 Net Pension Liability (District's Share)	9,510,045
2545 Net OPEB Liability (District's Share)	13,829,948
2000 Total Liabilities	107,302,434
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,549,583
2606 Deferred Inflow Related to TRS OPEB	5,983,041
2600 Total Deferred Inflows of Resources	7,532,624
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	22,940,653
3820 Restricted for Federal and State Programs	61,593
3850 Restricted for Debt Service	2,632,949
3860 Restricted for Capital Projects	3,618,701
3890 Restricted for Other Purposes	92,096
3900 Unrestricted	(10,536,779)
3000 Total Net Position	\$ 18,809,213

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 27,529,093	\$ 48,708	\$ 1,714,716	\$ (25,765,669)
12 Instructional Resources and Media Services	482,010	32,472	-	(449,538)
13 Curriculum and Instructional Staff Development	377,871	-	258	(377,613)
21 Instructional Leadership	540,582	-	-	(540,582)
23 School Leadership	2,232,058	-	334,110	(1,897,948)
31 Guidance, Counseling and Evaluation Services	1,780,563	-	335,062	(1,445,501)
32 Social Work Services	1,191	-	-	(1,191)
33 Health Services	541,834	-	-	(541,834)
34 Student (Pupil) Transportation	1,769,523	-	-	(1,769,523)
35 Food Services	1,857,794	416,474	965,715	(475,605)
36 Extracurricular Activities	2,013,083	386,084	-	(1,626,999)
41 General Administration	1,376,519	-	-	(1,376,519)
51 Facilities Maintenance and Operations	4,760,395	-	164,583	(4,595,812)
52 Security and Monitoring Services	490,600	-	123,811	(366,789)
53 Data Processing Services	195,786	-	-	(195,786)
61 Community Services	10,841	-	8,912	(1,929)
72 Debt Service - Interest on Long-Term Debt	2,668,267	-	-	(2,668,267)
73 Debt Service - Bond Issuance Cost and Fees	2,550	-	-	(2,550)
93 Payments Related to Shared Services Arrangements	61,456	-	-	(61,456)
95 Payments to Juvenile Justice Alternative Ed. Prg.	1,235	-	-	(1,235)
99 Other Intergovernmental Charges	298,080	-	-	(298,080)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 48,991,331</b>	<b>\$ 883,738</b>	<b>\$ 3,647,167</b>	<b>(44,460,426)</b>

Data Control Codes	General Revenues: Taxes:		
MT	Property Taxes, Levied for General Purposes		15,714,066
DT	Property Taxes, Levied for Debt Service		5,455,419
SF	State Aid - Formula Grants		24,988,431
IE	Investment Earnings		437,671
MI	Miscellaneous Local and Intermediate Revenue		654,239
S1	Gain on Sale of Property		275,516
TR	<b>Total General Revenues and Special Items</b>		<b>47,525,342</b>
CN	Change in Net Position		3,064,916
NB	Net Position - Beginning		15,744,297
NE	Net Position - Ending		<b>\$ 18,809,213</b>

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



LINDALE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 13,190,497	\$ 2,427,084	\$ 2,485,524
1220 Property Taxes - Delinquent	673,976	209,018	-
1230 Allowance for Uncollectible Taxes	(2,381)	(739)	-
1240 Due from Other Governments	2,308,791	124,129	-
1260 Due from Other Funds	685,712	-	3,091,586
1290 Other Receivables	651	-	-
1300 Inventories	-	-	-
1410 Prepayments	96,226	-	-
1000 Total Assets	<u>\$ 16,953,472</u>	<u>\$ 2,759,492</u>	<u>\$ 5,577,110</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 201,393	\$ 300	\$ 1,958,409
2160 Accrued Wages Payable	1,754,695	-	-
2170 Due to Other Funds	3,463,407	-	-
2180 Due to Other Governments	-	8,491	-
2200 Accrued Expenditures	32,884	-	-
2300 Unearned Revenue	76,888	-	-
2000 Total Liabilities	<u>5,529,267</u>	<u>8,791</u>	<u>1,958,409</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	671,595	208,279	-
2600 Total Deferred Inflows of Resources	<u>671,595</u>	<u>208,279</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3430 Prepaid Items	2,309	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	3,618,701
3480 Retirement of Long-Term Debt	-	2,542,422	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3530 Capital Expenditures for Equipment	300,000	-	-
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	201,394	-	-
3600 Unassigned Fund Balance	10,248,907	-	-
3000 Total Fund Balances	<u>10,752,610</u>	<u>2,542,422</u>	<u>3,618,701</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 16,953,472</u>	<u>\$ 2,759,492</u>	<u>\$ 5,577,110</u>

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

Other Funds	Total Governmental Funds
\$ 674,115	\$ 18,777,220
-	882,994
-	(3,120)
771,560	3,204,480
21,821	3,799,119
17,834	18,485
68,461	68,461
-	96,226
<u>\$ 1,553,791</u>	<u>\$ 26,843,865</u>
\$ 41,882	\$ 2,201,984
183,939	1,938,634
685,712	4,149,119
-	8,491
13,699	46,583
152,239	229,127
<u>1,077,471</u>	<u>8,573,938</u>
-	879,874
-	879,874
68,461	68,461
-	2,309
61,593	61,593
-	3,618,701
-	2,542,422
21,326	21,326
-	300,000
324,940	324,940
-	201,394
-	10,248,907
<u>476,320</u>	<u>17,390,053</u>
<u>\$ 1,553,791</u>	<u>\$ 26,843,865</u>

LINDALE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2020

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	17,390,053
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		864,552
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$122,455,407 and the accumulated depreciation was (\$41,361,798). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. These balances totaled (\$83,322,445). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.		(2,228,836)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase net position.		26,770,013
4 Included in the items related to the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$4,976,015, a deferred resource inflow in the amount of (\$1,549,583), and a net pension liability in the amount of (\$9,510,045). This resulted in a decrease in net position.		(6,083,613)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$2,937,285, a deferred resource inflow in the amount of (\$5,983,041), and a net OPEB liability in the amount of (\$13,829,948). This resulted in a decrease in net position.		(16,875,704)
6 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(3,377,647)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		2,350,395
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>18,809,213</b>

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 16,364,998	\$ 5,552,639	\$ 189,219
5800 State Program Revenues	22,867,650	151,850	-
5900 Federal Program Revenues	523,408	-	-
5020 Total Revenues	<u>39,756,056</u>	<u>5,704,489</u>	<u>189,219</u>
EXPENDITURES:			
Current:			
0011 Instruction	21,407,162	-	467,240
0012 Instructional Resources and Media Services	400,218	-	-
0013 Curriculum and Instructional Staff Development	373,585	-	-
0021 Instructional Leadership	451,849	-	8,407
0023 School Leadership	1,555,846	-	-
0031 Guidance, Counseling, and Evaluation Services	1,160,881	-	-
0032 Social Work Services	1,100	-	-
0033 Health Services	466,548	-	-
0034 Student (Pupil) Transportation	2,028,865	-	-
0035 Food Services	37,785	-	22,761
0036 Extracurricular Activities	1,803,621	-	172,887
0041 General Administration	1,170,459	-	-
0051 Facilities Maintenance and Operations	3,738,655	-	422,695
0052 Security and Monitoring Services	269,946	-	359,148
0053 Data Processing Services	174,981	-	-
0061 Community Services	265	-	-
Debt Service:			
0071 Principal on Long-Term Debt	290,110	3,570,000	-
0072 Interest on Long-Term Debt	-	2,533,052	-
0073 Bond Issuance Cost and Fees	-	2,550	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	274,604	-	20,960,077
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	61,456	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	1,235	-	-
0099 Other Intergovernmental Charges	298,080	-	-
6030 Total Expenditures	<u>35,967,251</u>	<u>6,105,602</u>	<u>22,413,215</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,788,805</u>	<u>(401,113)</u>	<u>(22,223,996)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	275,516	-	-
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	(175,000)	-	-
7080 Total Other Financing Sources (Uses)	<u>100,516</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	3,889,321	(401,113)	(22,223,996)
0100 Fund Balance - September 1 (Beginning)	<u>6,863,289</u>	<u>2,943,535</u>	<u>25,842,697</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 10,752,610</u>	<u>\$ 2,542,422</u>	<u>\$ 3,618,701</u>

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

Other Funds	Total Governmental Funds
\$ 731,914	\$ 22,838,770
638,272	23,657,772
3,008,895	3,532,303
<u>4,379,081</u>	<u>50,028,845</u>
1,929,284	23,803,686
19,851	420,069
258	373,843
21	460,277
347,981	1,903,827
335,022	1,495,903
-	1,100
-	466,548
148	2,029,013
1,588,663	1,649,209
146	1,976,654
9,026	1,179,485
164,583	4,325,933
126,658	755,752
-	174,981
9,736	10,001
-	3,860,110
-	2,533,052
-	2,550
-	21,234,681
-	61,456
-	1,235
-	298,080
<u>4,531,377</u>	<u>69,017,445</u>
<u>(152,296)</u>	<u>(18,988,600)</u>
-	275,516
175,000	175,000
-	(175,000)
<u>175,000</u>	<u>275,516</u>
22,704	(18,713,084)
453,616	36,103,137
<u>\$ 476,320</u>	<u>\$ 17,390,053</u>

LINDALE INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (18,713,084)</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	328,695
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase net position.	26,770,013
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(3,377,647)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(207,695)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$709,901. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling (\$640,329). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) decreased the change in net position by (\$1,489,621). The net result is a decrease in the change in net position.	(1,420,049)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$227,975. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling (\$207,553). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased) decreased the change in net position by (\$335,739). The net result is a decrease in the change in net position.	(315,317)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 3,064,916</b>

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2020

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 549,644
Due from Other Funds	350,000
Total Assets	899,644
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	35,092
Total Liabilities	35,092
<b>NET POSITION</b>	
Unrestricted Net Position	864,552
Total Net Position	\$ 864,552

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2020

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 356,458
Total Operating Revenues	356,458
OPERATING EXPENSES:	
Professional and Contracted Services	27,763
Total Operating Expenses	27,763
Operating Income	328,695
Total Net Position - September 1 (Beginning)	535,857
Total Net Position - August 31 (Ending)	\$ 864,552

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



LINDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 356,458
Cash (Payments) from Assessments - Other Funds	(350,000)
Cash (Payments) for Insurance Claims	(52,574)
Net Cash Used for Operating Activities	(46,116)
Net Decrease in Cash and Cash Equivalents	(46,116)
Cash and Cash Equivalents at Beginning of Year	595,760
Cash and Cash Equivalents at End of Year	\$ 549,644
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income:	\$ 328,695
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(350,000)
Increase (decrease) in Accounts Payable	(24,811)
Net Cash Used for Operating Activities	\$ (46,116)

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2020

	Total Custodial Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 354,175
Due from Other Governments	6,206
Total Assets	<u>360,381</u>
<b>LIABILITIES</b>	
Accounts Payable	6,136
Total Liabilities	<u>6,136</u>
<b>NET POSITION</b>	
Restricted for Other Purposes	<u>354,245</u>
Total Net Position	<u>\$ 354,245</u>

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

	Total Custodial Funds
<b>ADDITIONS:</b>	
Contributions to Student Groups	\$ 555,861
Contributions, Gifts and Donations	13,877
Total Additions	<u>569,738</u>
<b>DEDUCTIONS:</b>	
Other Deductions	509,341
Total Deductions	<u>509,341</u>
Change in Fiduciary Net Position	60,397
Total Net Position - September 1 (Beginning)	-
Prior Period Adjustment	<u>293,848</u>
Total Net Position - August 31 (Ending)	<u>\$ 354,245</u>

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lindale Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (Board), which are elected by eligible registered voters. The District prepares its basic financial statements in conformity with United States generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of Certified Public Accountants, and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

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

*Other Post-Employment Benefits.* The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay as you-go plan and all cash is held in a cash account.

Lindale Independent School District implemented Governmental Accounting Standards Board (GASB) Number 84 *Fiduciary Activities* to improve identification of fiduciary activities for accounting and financial reporting purposes in the current year.

**1. REPORTING ENTITY**

The Board is elected by the public, and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units that are material to the reporting entity, and none are included in the financial statements.

**2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include "charges for services" and "grants and contributions." The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. Non-program revenues are considered general revenue available to support all of the District's functions. Taxes

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are always general revenues. In the government-wide statements, indirect expenses (like depreciation) are allocated to functions based on the character of the expense.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. For the most part, the effect of interfund activity has been removed from the government-wide statements, although interfund services provided and used are not eliminated in the process of consolidation.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

**3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Agency funds, however, are unlike all types of other funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues "available" if they will be collected within 60 days of the end of the fiscal year.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position.

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**4. FUND ACCOUNTING**

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses.

The District reports the following major governmental funds:

- **General Fund** - This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program, and Medicaid reimbursement. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.
- **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund which is a budgeted fund. Revenues include collections on property taxes and earnings on investments of the fund. The fund balance represents amounts that will be used for retirement of bonds and payment of interest in the future.
- **Capital Projects Fund** - This governmental fund is established to account for proceeds, on the modified accrual basis, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

Additionally, the District reports the following fund types:

**Governmental Funds:**

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

**Proprietary Funds:**

- **Internal Service Funds** - These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The District's Internal Service Fund is Workers' Compensation and is not a budgeted fund.

**Fiduciary Funds:**

- **Custodial Funds** - The District accounts for resources held for others in a custodial capacity in custodial funds. The District's custodial funds include the Student Activity Fund and the Lindale Education Foundation.

**5. FUND BALANCE CLASSIFICATION**

During fiscal year ending 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications, as reported on Exhibit C-1, describe the relative strength of the spending constraints:

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*Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

*Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed fund balance* – amounts constrained to specific purposes by the Board, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint. The District has committed \$300,000 for equipment and \$324,940 for campus activity funds as August 31, 2020.

*Assigned fund balance* – amounts the Board intends to use for a specific purpose. Intent can be expressed by the Superintendent or Director of Finance, through which the Board has delegated the authority. The District has assigned \$201,394 for encumbrances as of August 31, 2020.

*Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). When it is appropriate for fund balance to be assigned, (such as for the purchase of fixed assets, construction, debt service, or for other purposes), the Board designated the authority to the Superintendent and Director of Finance.

In the General Fund, the District's goal is to maintain sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The District strives to maintain a yearly fund balance in the General Fund in which the total fund balance is equal to the unassigned fund balance plus the committed fund balance. The unassigned fund balance shall be equal to at least two months of the total operating expenditures. The ending unassigned fund balance as of August 31, 2020, exceeds two months of total operating expenditures.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

## 6. CASH AND CASH EQUIVALENTS

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. See Note C for more detail on deposits and investments.

## 7. INVENTORIES

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program.

Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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**8. LONG-TERM DEBT**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type Statement of Net Position. 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 premiums and discounts. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**9. USE OF ESTIMATES**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**10. CAPITAL ASSETS**

Capital assets, which include land, buildings, furniture, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 and more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated.

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

Asset Class	Estimated Useful Lives (in years)
Buildings and Expansions	50
Building Improvements	20
Vehicles	8
Office Equipment	5
Computer Equipment	5
Large Equipment	12

**11. COMPENSATED ABSENCES**

It is the District's policy to permit some employees to accumulate earned but unused sick pay benefits. The liability for accumulated unpaid sick leave benefits is reported as a Noncurrent Liability in the Statement of Net Position. See Note I for a summary of changes in the accumulated sick leave liability.

**12. INTERNAL SERVICE FUND**

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.



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**13. GRANT REVENUE**

The District has reported restricted assets in the instance of grants received for restricted purposes.

**14. INTERFUND TRANSACTIONS**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

**15. 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.

**16. RESTRICTED AND UNRESTRICTED ASSETS**

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

**17. DATA CONTROL CODES**

The Data Control Codes refer to the account code structure prescribed by TEA in the *Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

**18. FUNCTIONS**

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing service and other intergovernmental charges functions (Data control codes 41, 53 and 99, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

**19. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

In addition to assets, the statements of financial position (The government-wide Statement of Net Position and governmental funds Balance Sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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**Note B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports appear in Exhibit J-2 and J-3.

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

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. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control and revenues and expenses related to the COVID-19 pandemic, several amendments were necessary during the year.

The following budget amendments were made during the year:

General Fund:	
Increase in Revenues - Local and Intermediate Sources	411,000
Increase in Revenues - State Program Revenues	1,352,515
Increase in Revenues - Federal Sources	177,320
(Increase) in Expenditures - Instruction (11)	(111,115)
Decrease in Expenditures - Instructional Resources (12)	30,000
(Increase) in Expenditures - Staff Development (13)	(45,000)
(Increase) in Expenditures - Instructional Leadership (21)	(30,000)
Decrease in Expenditures - School Leadership (23)	145,000
Decrease in Expenditures - Guidance and Counseling (31)	46,100
(Increase) in Expenditures - Social Work Services (32)	(1,100)
(Increase) in Expenditures - Health Services (33)	(89,000)
Decrease in Expenditures - Student (Pupil) Transportation (34)	250,000
(Increase) in Expenditures - Co Curricular (36)	(195,000)
(Increase) in Expenditures - Maintenance and Operation (51)	(125,000)
(Increase) in Expenditures - Construction and Acquisition (81)	(355,000)
Increase in Other Financing Sources - Sale of Property	275,516
(Increase) in Other Financing Uses - Transfers Out	(175,000)
	1,561,236
Food Service:	
(Increase) in Other Financing Sources - Transfers In	175,000
	175,000

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Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program (NSLP), (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of NSLP, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes.

A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	08/31/20
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	130,014
Nonappropriated Budget Funds	<u>346,306</u>
All Nonmajor Governmental Special Revenue Funds	<u><u>476,320</u></u>

**NOTE C. DEPOSITS AND INVESTMENTS**

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

The District's cash deposits at August 31, 2020 and during the year were entirely covered by FDIC insurance or pledged securities purchased by the depository bank in the District's name.

**The Public Funds Investment Act (Government Code Chapter 2256) (the Act)** contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

Investment Type	Investment Maturities (in years)				
	Fair Value*	Less than 1	1-5	6-10	More than 10
Investment Pools **					
Lone Star ***	2,666,244	2,666,244	-	-	-
Total	2,666,244	2,666,244	-	-	-

\*Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in a forced liquidation. Under GASB 72, all investments are recorded at fair value.

\*\*Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

\*\*\*Investments in local government pool are based upon a contract and not the security itself. The above investment pools, which are regulated by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00.

Lone Star Investment Pool (Pool) was organized in 1991 in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is administered by First Public, formerly known as Texas Association of School Boards Financial Services. The Pool is governed by an 11-member board, all of whom are participants in the Pool.

Policies Governing Deposits and Investments

In compliance with the Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

*Custodial Credit Risk for Deposits* - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

*Foreign Currency Risk*: The District does not have any deposits or investments denominated in a foreign currency.

*Concentration of Credit Risk*: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District requires investments to be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during the 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio.

*Interest Rate Risk*: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires any internally created pool fund group of the District to have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District may not exceed one year from the time of purchase. All of the District's investments at August 31, 2020, had a maturity of one year or less.

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*Other Credit Risk:* There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, the Pool invests only in investments authorized under the Act. As of August 31, 2020, the Pool's investments credit quality rating was AAA (Standard & Poor's).

**NOTE D. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the roll on January 1, 2019 upon which the levy for the 2019 fiscal year was based was \$1,563,828,428. The tax rate levied for the year ended August 31, 2020 to finance General Fund operations and the payment of principal and interest on general obligations long-term debt were \$1.0100 and \$0.3500 per \$100 per valuation, respectively, for a total of \$1.3600 per \$100 valuation.

**NOTE E. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance (General Fund) and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**NOTE F. DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES**

Receivables at August 31, 2020, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due from Other Funds</u>	<u>Other Receivables</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>					
General Fund	673,976	2,308,791	685,712	651	3,669,130
Debt Service	209,018	124,129	-	-	333,147
Capital Projects	-	-	3,091,586	-	3,091,586
Nonmajor Governmental Funds (Special Revenue)	-	771,560	21,821	17,834	811,215
<b>Total - Governmental Activities</b>	<u>882,994</u>	<u>3,204,480</u>	<u>3,799,119</u>	<u>18,485</u>	<u>7,905,078</u>
Amounts not scheduled for collection during the subsequent year	<u>(3,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,120)</u>
<b>Proprietary Activities:</b>					
Internal Service Fund	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>

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Payables at August 31, 2020, were as follows:

	Accounts Payable	Salaries/ Benefits	Due to Other Funds	Other Governments	Total Payables
<b>Governmental Activities:</b>					
General Fund	201,393	1,787,579	3,463,407	-	5,452,379
Debt Service Fund	300	-	-	8,491	8,791
Capital Projects	1,958,409	-	-	-	1,958,409
Nonmajor Governmental Funds (Special Revenue)	-	41,882	197,638	-	925,232
<b>Total - Governmental Activities</b>	<u>2,201,984</u>	<u>1,985,217</u>	<u>4,149,119</u>	<u>8,491</u>	<u>8,344,811</u>
<b>Proprietary Activities:</b>					
Internal Service Fund	<u>35,092</u>	-	-	-	<u>35,092</u>

**NOTE G. CAPITAL ASSET ACTIVITY**

Capital asset activity for the year ended August 31, 2020, is as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Governmental Activities:</b>				
Land	3,323,948	-	-	3,323,948
Building and Improvements	94,163,877	941,883	19,589,779	114,695,539
Furniture and Equipment	7,919,690	1,189,246	(79,500)	9,029,436
Construction in Progress	13,811,123	20,778,774	(19,589,779)	15,000,118
Assets under capital lease	3,236,769	-	-	3,236,769
<b>Totals at Historic Cost</b>	<u>122,455,407</u>	<u>22,909,903</u>	<u>(79,500)</u>	<u>145,285,810</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	33,381,886	2,538,008	-	35,919,894
Furniture and Equipment	6,229,466	442,763	(79,500)	6,592,729
Assets under capital lease	1,750,446	396,876	-	2,147,322
<b>Total Accumulated Depreciation</b>	<u>41,361,798</u>	<u>3,377,647</u>	<u>(79,500)</u>	<u>44,659,945</u>
<b>Governmental Activities, Net:</b>				
Land	3,323,948	-	-	3,323,948
Building and Improvements, Net	60,781,991	(1,596,125)	19,589,779	78,775,645
Furniture and Equipment, Net	1,690,224	746,483	-	2,436,707
Construction in Progress	13,811,123	20,778,774	(19,589,779)	15,000,118
Assets under capital lease Net	1,486,323	(396,876)	-	1,089,447
<b>Capital Assets, Net</b>	<u>81,093,609</u>	<u>19,532,256</u>	<u>-</u>	<u>100,625,865</u>

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During the year the District purchased several capital assets, including band instruments, three vehicles, five buses, ag equipment, and a video board for the CATE program.

In FY 2018, the District signed a construction contract for \$3,026,261 with Jackson Construction for a new HVAC system for the high school. After change orders of (\$84,159), the contract totaled \$2,942,102. At the beginning of the year, the District had \$2,858,078 in construction in progress related to this project. Throughout fiscal year 2020, the District paid \$247,735 of the contract price and \$26,870 for architect and other fees related to this project. The total cost of the completed project was \$3,132,683.

In FY 2019, the District signed a construction contract for \$8,521,005 with Jackson Construction for the renovations to the football stadium. At the beginning of the year, the District had \$8,135,635 in construction in progress related to this project. In fiscal year 2020, the District paid \$1,055,365 of the contract price and \$98,672 for architect and other fees related to the project. The total cost of the completed project was \$9,289,672.

In FY 2019, the District signed a construction contract with a guaranteed maximum of \$22,184,080 with Jackson Construction for renovations and improvements to the high school and construction of multi-use facility and gymnasium. At the beginning of the year, the District had \$2,817,411 in construction in progress related to these projects. In fiscal year 2020, the District paid \$18,954,131 of the contract price and \$396,001 for architect and other fees related to the projects. Several of these projects totaling \$7,167,425 were completed during 2020. The remaining \$15,000,118 is reflected in construction in progress.

In FY 2020, the District disposed of a fully depreciated truck and school bus with an original cost of \$79,500. The District sold an easement for highway expansion for \$275,516.

Depreciation expense was charged to governmental functions as follows:

Instruction	1,959,730
Instructional Resources and Media Services	34,584
Curriculum and Instructional Staff Development	30,778
Instructional Leadership	37,894
School Leadership	156,740
Guidance, Counseling and Evaluation Services	123,156
Social Work Services	91
Health Services	38,410
Student (Pupil) Transportation	167,046
Food Services	135,778
Cocurricular/Extracurricular Activities	162,736
General Administration	97,106
Facilities Maintenance and Operations	356,149
Security and Monitoring Services	62,220
Data Processing Services	14,406
Community Services	823
Total Depreciation Expense	<u><u>3,377,647</u></u>

**NOTE H. LONG-TERM OBLIGATIONS**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District. There are a number of limitations and restriction contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2020.

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The following is a summary of changes in long-term obligation activity for governmental activities for the year ended August 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$74,104,212	\$ - (a)	(\$3,570,000)	\$70,534,212	\$3,730,119
CAB accreted interest	909,067 (b)	541,897	-	1,450,964	\$0
Premium and discount on issuance costs	6,982,262	- (c)	(641,839)	6,340,423	\$0
Capital leases	1,160,439	- (d)	(290,110)	870,329	290,110
Other Liabilities:					
Compensated absences	166,465	22,385	-	188,850	\$0
TRS Net Pension Liability	9,926,436	223,938	(640,329)	9,510,045	\$0
TRS Net OPEB Liability	14,079,310	-	(249,362)	13,829,948	\$0
<b>Total</b>	<b>\$107,328,191</b>	<b>788,220</b>	<b>(5,391,640)</b>	<b>\$102,724,771</b>	<b>\$4,020,229</b>

- (a) Principal bond payments totaling \$3,570,000
- (b) Accrete interest on Capital Appreciation Bond
- (c) Amortization of bond premium
- (d) Principal payment on capital lease

**Bonds Payable**

Bonded indebtedness of the District is reflected in the Statement of Net Position. The following is a summary of bonds payable outstanding at August 31, 2020:

Title of Issue	Maturity Date	Interest Rates	Amount Outstanding
Series 2005 Capital Appreciation Bond	2/15/2019	0.00%	\$ 119
Series 2010 Tax School Building and Refunding Bonds	2/15/2040	2.00-5.40%	4,720,000
Series 2015 Tax School Refunding Bonds	2/15/2023	2.00%	4,855,000
Series 2017 Unlimited Tax School Refunding Bonds	2/15/2030	0.00%	5,659,093
Series 2018 Unlimited Tax School Refunding Bonds	2/15/2040	3.00-5.00%	25,395,000
Series 2019 Term and Serial Bonds	2/15/2049	3.00-5.00%	29,905,000
<b>Total</b>			<b>70,534,212</b>

**Unlimited Tax Refunding Bonds, Series 2017**

On August 15, 2017, the District issued \$5,659,093 of Unlimited Tax Refunding Bonds, Series 2017 issued to redeem Unlimited Tax School Building Capital Appreciation Bonds, Series 2011 in the amount of \$5,659,156 representing the original principal amount of the Bonds of \$5,659,003, plus an issue premium of \$2,480,671. The Series 2017 is comprised of Capital Appreciation Bonds. The funds were deposited in a trust with an escrow agent to provide all future debt service payments on the Series 2011 bonds when called on February 15, 2020. As a result, the Unlimited Tax School Building Bonds, Series 2011 is considered defeased and the District has removed the liability from its financial statements. The advance refunding reduced total debt service payments over the next 12 years by approximately \$875,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$690,246.



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**Unlimited Tax Refunding Bonds, Series 2018**

On August 1, 2018, the District issued \$25,395,000 of Unlimited Tax Refunding Bonds, Series 2018 issued to redeem Build America Bonds, Series 2010 in the amount of \$25,495,000 representing the original principal amount of the Bonds of \$25,495,000, plus an issue premium of \$1,76,464. The Series 2018 is comprised of \$21,800,000 of Serial Bonds and \$3,595,000 of Term Bonds.

During the year ended August 31, 2020, bond proceeds for refunding the Build America Bonds, Series 2010 were accounted for in the Debt Service Fund as other financing sources in the amount of \$25,395,000 capital related debt issued and \$1,763,464 premium/discount on issuance bonds. The outstanding principal refunded on the Series 2010 bond was \$25,395,000. The escrow payment of \$26,787,388 was accounted for in the Debt Service Fund as other financing uses. The funds were deposited in a trust with an escrow agent to provide all future debt service payments on the Series 2010 bonds when called on February 15, 2020. As a result, the Build America Bonds, Series 2010 is considered defeased and the District has removed the liability from its financial statements.

The advance refunding reduced total debt service payments over the next 21 years by approximately \$7,678,520. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,861,746.

**Unlimited Tax School Building Bonds, Series 2019**

On February 26, 2019, the District issued the Unlimited Tax School Building Bonds, Series 2019 for designing, constructing, renovating, improving, upgrading, updating, acquiring and equipping school facilities. The Series 2019 is comprised of \$14,730,000 Serial Bonds, \$15,600,000 Term Bonds and \$3,118,986 in premiums. During the year ended August 31, 2020, bond proceeds for the Bond 2019 were accounted for in the Capital Projects Fund as other financing sources in the amount of \$30,330,000 capital related debt issued and \$2,479,920 premium/discount on issuance bonds. The remaining premium was accounted for the in the Debt Service Fund in the amount of \$639,066.

In the governmental fund financial statements, the current expenditures for principal and interest expenditures are accounted for in the Debt Service Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance. During the year ended August 31, 2020, the District paid \$3,570,000 in principal, \$2,533,052 in interest (net of tax credit), and \$2,550 in fees.

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium/discount on issuance of bonds, net of accumulated amortization, totaled \$6,340,423 at August 31, 2020. During the year ended August 31, 2020 bond premium/discount proceeds are deferred and amortized over the life of the bonds. Amortization of \$641,839 is reflected in the Statement of Activities for the year ended August 31, 2020. Interest expense accreted of \$541,897 on the CAB Bonds is reflected in the Statement of Activities for the year ended August 31, 2020.

Direct Subsidy – Qualified School Construction Bonds

Certain Series 2010 bonds include an irrevocable election to receive directly from the United States Department of the Treasury a tax credit equal to the amount of interest which would have been payable on the Securities by the Issuer if such interest were determined at the credit rate determined under section 54A(b)(3) of the Code (which credit rate applicable to the Bonds is 5.35% per annum), which election is based on the Securities' qualification as "Qualified School Construction Bonds" under section 54F of the Code and as "qualified bonds" under subsection 6431(f)(1)(A) of the Code, and the Issuer's irrevocable election to treat the Securities as such at the time of their issuance. The District was notified from the Internal Revenue Service during fiscal year 2020 that the tax credit was being reduced by 5.38%. As of August 31, 2020, the net amount of the tax credit received amounted to \$258,379.

Rebatable Arbitrage Payable

The Tax Reform Act of 1986 requires that the excess interest earned on tax-exempt bond proceeds over interest cost must be remitted to the federal government. These arbitrage interest earnings are paid from the Capital Projects Funds, if applicable, and must be remitted every five years from the date of issue. During the fiscal year August 31, 2020, no arbitrage payments were made to the IRS. Furthermore, there was no arbitrage liability at August 31, 2020.

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Bonds Payable

Bonded indebtedness of the District is reflected in the Statement of Net Position.

The annual debt service requirements for principal and interest on the bonds are as follows:

Year Ended	General Obligation Bonds		
	Principal	Interest	Total Requirements
<u>August 31</u>			
2021	3,730,119	2,663,340	6,393,459
2022	3,060,000	2,547,400	5,607,400
2023	3,320,000	2,448,280	5,768,280
2024	2,999,250	2,831,770	5,831,020
2025	3,019,931	2,784,580	5,804,511
2026-2030	13,894,912	13,039,018	26,933,930
2031-2035	11,790,000	7,309,500	19,099,500
2036-2040	14,395,000	4,711,188	19,106,188
2041-2045	7,215,000	2,593,025	9,808,025
2046-2049	7,110,000	733,500	7,843,500
	70,534,212	41,661,601	112,195,813

The deferred charge on refunding bonds, net of accumulated amortization, totaled \$1,510,716 at August 31, 2020. Amortization of \$245,645 is reflected in the Statement of Activities for the year ended August 31, 2020.

The following is a summary of changes in deferred outflows of resources – charges for refunding for the year ended August 31, 2020.

	Beginning	Additions	Reduction	Ending
	Balance			Balance
Deferred charges for refundings:				
Series 2010	12,153		(12,153)	-
Series 2015	79,361	-	(35,468)	43,893
Series 2017	664,723	-	(145,504)	519,219
Series 2018	1,000,124		(52,520)	947,604
	1,756,361	-	(245,645)	1,510,716

**NOTE I. CAPITAL LEASES**

On May 22, 2019, the District executed a lease purchase agreement of \$1,214,220 for the purchase of Apple Ipad. The lease is payable in one initial payment of \$53,781 and four equal payments of \$290,110 beginning September 30, 2013. The lease has an interest rate of 0.00%.

In the governmental fund statements for the year ended August 31, 2020, the expenditures were accounted for in the General Fund, Function 71 - Capital Lease Obligation Principal \$290,110.

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A summary of changes in capital leases for the year ended August 31, 2020 is as follows:

<u>Description</u>	Stated	Amounts		Amounts
	Interest	Outstanding	Additions	Outstanding
	Rate	9/1/19		8/31/2020
Apple Ipad	0.00%	1,160,439		(290,110)
Total		1,160,439	-	(290,110)

The annual debt service requirements for principal and interest for the capital leases are as follows:

Year Ended	Capital Lease		
	Principal	Interest	Total
August 31			Requirements
2021	290,110	-	290,110
2022	290,110	-	290,110
2023	290,109	-	290,109
Total	870,329	-	870,329

**NOTE J. DEFINED BENEFIT PENSION PLAN**

**Plan Description.** Lindale Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS* then *Publications* then *Financial Reports* or by writing 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 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the

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member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in the plan 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 86<sup>th</sup> Texas Legislature approved 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 13<sup>th</sup> 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 86<sup>th</sup> Legislature amended Texas Government Code 825-402 for member contributions and increased employee and employer contribution rates for the fiscal years 2020 through 2025.

**Contribution Rates**

	2019	2020
Member (Employees)	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employer (District)	6.8%	7.5%
LISD Member Contributions	1,893,182	2,043,970
LISD Employer Contributions	640,329	709,901
LISD NECE On-Behalf Contributions	1,249,861	1,283,151

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.

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

**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 Rate	7.25%
	2.63%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Municipal Bond Rate as of August 2019	
Last year ending August 31 in	
Projection Period (100) years	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending 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 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and non-employer contribution entity will be made at the rates set by the legislature during the 2019 season. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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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-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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	FY 2019 Target Allocation <sup>1</sup> %	New Target Allocation <sup>2</sup> %	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>
<b>Global Equity</b>			
USA	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%	-	-
Private Equity	13.0%	14.0%	8.4%
<b>Stable Value</b>			
U.S. Treasuries <sup>4</sup>	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds <sup>4</sup>	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	8.0%	5.8%/6.5% <sup>5</sup>
<b>Leverage</b>			
Cash	1.0%	2.0%	2.50%
Asset Allocation Leverage	-	-6.0%	2.70%
<b>Expected Return</b>	<b>100.00%</b>	<b>100.0%</b>	<b>7.23%</b>

<sup>1</sup> Target allocations are based on the Strategic Asset Allocations as of FY 2019.

<sup>2</sup> New allocations are based on the Strategic Asset Allocation to be implemented FY 2020.

<sup>3</sup> 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

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

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

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
LISD's proportionate share of the net pension liability	14,618,320	9,510,045	5,371,356

**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 \$9,510,045 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	\$ 9,510,045
State's proportionate share that is associated with the District	19,057,928
Total	<u>\$ 28,567,973</u>

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 thru August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0182944843%, which was an increase of 0.00026033108% from its proportion measurement as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation**

The following 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 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13<sup>th</sup> check. All eligible member 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 of \$2,000 or less.

For the year ended August 31, 2020, the District recognized pension expense of \$5,123,682 and revenue of \$2,993,732 for support provided by the State.

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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	\$ 39,951	\$ 330,204
Changes in actuarial assumptions	2,950,483	1,219,279
Difference between projected and actual investment earnings	95,492	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,180,188	100
Total as of August 31, 2019 measurement date	\$ 4,266,114	\$ 1,549,583
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	709,901	-
Total as of August 31, 2020	\$ 4,976,015	\$ 1,549,583

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

Year ended August 31:	Pension Expense Amount
2021	727,968
2022	612,914
2023	665,831
2024	591,683
2025	200,110
Thereafter	(81,975)
	<u>2,716,531</u>

**NOTE K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN**

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

**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 a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.



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Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

**TRS-Care Monthly for Retirees**

	Medicare		Non-Medicare
Retiree*	\$ 135		\$ 200
Retiree and Spouse	529		689
Retiree* and Children	468		408
Retiree and Family	1020		999

*\*or surviving spouse*

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

Texas Insurance Code 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 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

**Contribution Rates**

	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
LISD Member Contributions	159,812	172,540
LISD Employer Contributions	207,553	227,975
Measurement Year NECE On-behalf Contributions	277,679	275,775

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 TRS Care, a monthly surcharge of \$535 per retiree.

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2020

**Actuarial Methods and 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 annual pension actuarial valuation that was rolled forward to August 31, 2019:

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

**Additional Actuarial Methods and Assumptions**

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate*	3.42%*
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 cost.
Payroll Growth Rate	2.50%
Projected Salary Increases **	3.50% to 9.50%**
Healthcare Trend Rates***	4.50% to 12.00%***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad-hoc post-employment benefit changes	None

\*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

\*\* Includes Inflation at 2.50%

\*\*\* Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

**Discount Rate:** A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer 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.

LINDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2020

**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%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
LISD's proportionate share of the Net OPEB Liability	16,697,186	13,829,948	11,586,907

**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 \$13,829,948 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	\$13,829,948
State's proportionate share that is associated with the District	<u>18,376,909</u>
Total	<u>\$32,206,857</u>

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 employer's proportionate of the Net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was 0.0292442184% which was an increase of 0.0010466382% from its proportion measured as of August 31, 2018.

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	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	11,281,987	13,829,948	17,243,048

**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 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that due while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- There were not changes in benefit terms since the prior measurement date.

LINDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020

For the year ended August 31, 2020, the District recognized OPEB expense of \$1,027,632 and revenue of \$484,340 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	\$ 678,477	\$ 2,263,124
Changes in actuarial assumptions	768,146	3,719,917
Net Difference between projected and actual investment earnings	1,493	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,261,194	-
Total as of August 31, 2019 measurement date	2,709,310	5,983,041
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	227,975	-
Total as of August 31, 2020 fiscal year-end	\$ 2,937,285	\$ 5,983,041

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

Year ended August 31:	OPEB Expense Amount
2021	\$ (594,093)
2022	(594,093)
2023	(594,576)
2024	(594,852)
2025	(594,776)
Thereafter	(301,341)
	<u>\$ (3,273,731)</u>

**NOTE L. MEDICARE PART D (TRS)**

Federal Government Retiree Drug Subsidy - The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants.

Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity.

The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submission by reporting entities for the month of May. Any questions about payroll amounts should be directed to a reporting entity's payroll contact.

LINDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2020

Contribution amounts are as follows: State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$126,326 for the year ended August 31, 2020. State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$91,373 for the year ended August 31, 2019. State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$90,741 for the year ended August 31, 2018.

**NOTE M. EMPLOYEE HEALTH CARE COVERAGE**

During the year ended August 31, 2020 employees of Lindale Independent School District were covered by a uniform statewide health care program for public education employees. The District contributed \$267 per month towards employee health insurance, which includes the \$75 which is reimbursed by the state, per employee. Employees, at their option, may authorize payroll withholdings to pay the remaining balance of the premium for employee coverage and/or dependents. All premiums were paid to the statewide health care program based on the coverages selected by the employee. The Plan was authorized by House Bill 3343 and is administered by the Teacher Retirement System of Texas (TRS). The TRS board approved the selection of Aetna as the health plan administrator and Caremark as the pharmacy benefits manager for TRS-ActiveCare. The minimum contribution allowed by the state is \$225 per month.

**NOTE N. WORKERS' COMPENSATION**

In 2011-2012, the District began participating in a fully funded workers' compensation plan with the Texas Association of School Boards Risk Management Fund, a public entity risk pool currently operating a workers' compensation risk management and insurance program. In prior years, the District participated in Claims Administrative Services, Inc. plan for workers' compensation.

A reconciliation of the change in the liability for claims for the current and previous fiscal year is presented below:

	Year Ended August 31, 2020	Year Ended August 31, 2019
Unpaid claims at September 1	\$ 59,903	\$ 48,208
Incurred claims (including incurred but not reported)	278,215	298,508
Total Payments	(303,026)	(286,813)
Total Unpaid Claims at August 31	\$ 35,092	\$ 59,903

**NOTE O. UNEARNED REVENUE**

Unearned revenue at year end consisted of ticket sales related to football games, money received from students related to lunches, and funds received for textbooks which have not been received.

	General Fund	Other Funds	Total
Athletic receipts	36,388	-	36,388
Scoreboard advertisements	40,500	-	40,500
Food service receipts	-	56,494	56,494
Textbook allotment	-	2,750	2,750
Grant Revenue	-	92,995	92,995
	76,888	152,239	229,127

LINDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020

**NOTE P. INTERFUND BALANCES**

Interfund balances at August 31, 2020, consisted of the following amounts. All interfund balances are expected to be repaid within one year.

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Non-major governmental funds (Special Revenue)	\$ 685,712	\$ 21,821
Capital Projects Fund from General Fund	-	3,091,586
Internal Service Fund	-	350,000
Non-major Governmental Funds (Special Revenue):		
General Fund	21,821	685,712
Capital Projects Fund:		
General Fund	3,091,586	-
Internal Service Fund:		
General Fund	350,000	-
Total	\$ 4,149,119	\$ 4,149,119

These interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made. The District is using General Fund fund balance to pay for a portion of the construction projects in the Capital Project Fund.

**NOTE Q. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2020, are summarized below. All federal grants shown below are passed through the TEA or are received directly from a federal agency and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
Due From Other Governments:				
General Fund	2,308,791	-	-	2,308,791
Debt Service Fund	124,129	-	-	124,129
Nonmajor Governmental Funds				-
(Special Revenue)	-	771,560	-	771,560
Total	2,432,920	771,560	-	3,204,480
Due to Other Governments:				
General Fund	-	-	-	-
Debt Service Fund	8,491	-	-	8,491
Total	8,491	-	-	8,491

LINDALE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2020

**Note R. GENERAL FUND FEDERAL SOURCE REVENUES**

<u>Program or Source</u>	<u>Amount</u>
School Health and Related Services (SHARS)	523,408
	<u>\$ 523,408</u>

**NOTE S. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources as reported on Exhibit C-3 of the Funds Statements consisted of the following:

<u>Revenue Sources</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds Total</u>	<u>Custodial Funds</u>
Property taxes & related income	15,960,696	5,506,812	-	-	21,467,508	
Investment income	191,745	45,827	189,219	10,880	437,671	
Rent	3,000	-	-	-	3,000	
Food service revenue		-	-	416,474	416,474	
Athletics/Cocurricular	125,777	-	-	260,307	386,084	
Other local and intermediate sources	83,780	-	-	44,253	128,033	569,738
	<u>16,364,998</u>	<u>5,552,639</u>	<u>189,219</u>	<u>731,914</u>	<u>22,838,770</u>	<u>569,738</u>

**NOTE T. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 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 U. COMMITMENTS AND CONTINGENCIES**

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

**NOTE V. PRIOR PERIOD ADJUSTMENT**

During fiscal year 2020, the District adopted GASB Statement No. 84 for Fiduciary Activities. With GASB 84, the District evaluated all fiduciary funds to determine the proper classification of custodial funds. Adoption of GASB 84 requires a prior period adjustment to report the effect of GASB 84 retroactively. The amount of the prior period adjustment for activity funds reclassified to Custodial Funds is reflected on the Statement of Changes in Fiduciary Net Position as \$293,848. The restated beginning net position is \$293,848.

LINDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020

**NOTE W. SUBSEQUENT EVENTS**

On March 13, 2020, Texas Governor Greg Abbott declared Texas in a state of disaster as a result of the COVID-19 pandemic. The pandemic will most probably have a significant effect on governmental and private entities. The extent of the effect cannot, at this time, be estimated or quantified.

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was December 8, 2020.



**REQUIRED SUPPLEMENTARY INFORMATION**

LINDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 15,896,180	\$ 16,307,180	\$ 16,364,998	\$ 57,818
5800 State Program Revenues	22,075,144	23,427,659	22,867,650	(560,009)
5900 Federal Program Revenues	398,856	576,176	523,408	(52,768)
5020 Total Revenues	38,370,180	40,311,015	39,756,056	(554,959)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	22,204,902	22,316,017	21,407,162	908,855
0012 Instructional Resources and Media Services	460,300	430,300	400,218	30,082
0013 Curriculum and Instructional Staff Development	431,860	476,860	373,585	103,275
0021 Instructional Leadership	439,461	469,461	451,849	17,612
0023 School Leadership	1,933,176	1,788,176	1,555,846	232,330
0031 Guidance, Counseling, and Evaluation Services	1,226,136	1,180,036	1,160,881	19,155
0032 Social Work Services	30,000	31,100	1,100	30,000
0033 Health Services	484,976	573,976	466,548	107,428
0034 Student (Pupil) Transportation	2,674,923	2,424,923	2,028,865	396,058
0035 Food Services	50,122	50,122	37,785	12,337
0036 Extracurricular Activities	1,813,908	2,008,908	1,803,621	205,287
0041 General Administration	1,280,417	1,280,417	1,170,459	109,958
0051 Facilities Maintenance and Operations	4,096,659	4,221,659	3,738,655	483,004
0052 Security and Monitoring Services	323,837	323,837	269,946	53,891
0053 Data Processing Services	222,393	222,393	174,981	47,412
0061 Community Services	4,000	4,000	265	3,735
Debt Service:				
0071 Principal on Long-Term Debt	290,110	290,110	290,110	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	355,000	274,604	80,396
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	70,000	70,000	61,456	8,544
0095 Payments to Juvenile Justice Alternative Ed. Prg.	8,000	8,000	1,235	6,765
0099 Other Intergovernmental Charges	325,000	325,000	298,080	26,920
6030 Total Expenditures	38,370,180	38,850,295	35,967,251	2,883,044
1100 Excess of Revenues Over Expenditures	-	1,460,720	3,788,805	2,328,085
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	275,516	275,516	-
8911 Transfers Out (Use)	-	(175,000)	(175,000)	-
7080 Total Other Financing Sources (Uses)	-	100,516	100,516	-
1200 Net Change in Fund Balances	-	1,561,236	3,889,321	2,328,085
0100 Fund Balance - September 1 (Beginning)	6,863,289	6,863,289	6,863,289	-
3000 Fund Balance - August 31 (Ending)	\$ 6,863,289	\$ 8,424,525	\$ 10,752,610	\$ 2,328,085

LINDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.018294484%	0.018034153%	0.017207823%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 9,510,045	\$ 9,926,436	\$ 5,502,135
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	19,057,928	20,434,367	12,166,928
Total	<u>\$ 28,567,973</u>	<u>\$ 30,360,803</u>	<u>\$ 17,669,063</u>
District's Covered Payroll	\$ 24,593,922	\$ 23,603,395	\$ 22,640,642
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	38.67%	42.06%	24.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.015938516%	0.0158716%	0.0088547%
\$ 6,022,928	\$ 5,610,399	\$ 2,365,213
14,646,013	13,766,068	11,561,315
<u>\$ 20,668,941</u>	<u>\$ 19,376,467</u>	<u>\$ 13,926,528</u>
\$ 21,495,276	\$ 20,288,559	\$ 19,953,165
28.02%	27.65%	11.85%
78.00%	78.43%	83.25%

LINDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 709,901	\$ 640,329	\$ 605,974
Contribution in Relation to the Contractually Required Contribution	(709,901)	(640,329)	(605,974)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 26,542,703	\$ 24,593,922	\$ 23,603,395
Contributions as a Percentage of Covered Payroll	2.67%	2.60%	2.57%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

	2017	2016	2015
\$	563,972	\$ 506,408	\$ 469,964
	(563,972)	(506,408)	(469,964)
\$	-	\$ -	-
\$	22,640,642	\$ 21,495,276	\$ 20,288,559
	2.49%	2.36%	2.32%

LINDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.029244218%	0.02819758%	0.026776438%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 13,829,948	\$ 14,079,310	\$ 11,644,068
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	18,376,909	20,126,740	17,611,361
Total	<u>\$ 32,206,857</u>	<u>\$ 34,206,050</u>	<u>\$ 29,255,429</u>
District's Covered Payroll	\$ 24,593,922	\$ 23,603,395	\$ 22,640,642
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	56.23%	59.65%	51.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 227,975	\$ 207,553	\$ 195,045
Contribution in Relation to the Contractually Required Contribution	(227,975)	(207,553)	(195,045)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 26,542,703	\$ 24,593,922	\$ 23,603,395
Contributions as a Percentage of Covered Payroll	0.86%	0.84%	0.83%

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

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



LINDALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2020

**A. Notes to Schedules for the TRS Pension Plan**

*Changes of benefit terms*

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

*Changes of assumptions*

There were no changes in the actuarial assumptions used in the determination of the total pension liability during the measurement period.

**B. Notes to Schedules for the TRS OPEB Plan**

*Changes of benefit*

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

*Changes in Assumptions*

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

**COMBINING SCHEDULES**

LINDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ (34,308)	\$ (49,925)	\$ (1,727)	\$ -
1240	Due from Other Governments	84,529	118,205	2,319	2,817
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 50,221</u>	<u>\$ 68,280</u>	<u>\$ 592</u>	<u>\$ 2,817</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	45,309	61,576	534	2,539
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	4,912	6,704	58	278
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>50,221</u>	<u>68,280</u>	<u>592</u>	<u>2,817</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 50,221</u>	<u>\$ 68,280</u>	<u>\$ 592</u>	<u>\$ 2,817</u>

EXHIBIT H-1 (Cont'd)

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives
\$ 311,783	\$ -	\$ (8,971)	\$ -	\$ -	\$ -	\$ (4,645)	\$ 40
35,143	-	20,498	-	498,693	4,711	4,645	-
21,821	-	-	-	-	-	-	-
17,834	-	-	-	-	-	-	-
68,461	-	-	-	-	-	-	-
<u>\$ 455,042</u>	<u>\$ -</u>	<u>\$ 11,527</u>	<u>\$ -</u>	<u>\$ 498,693</u>	<u>\$ 4,711</u>	<u>\$ -</u>	<u>\$ 40</u>
\$ 31,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51,909	-	10,391	-	-	4,251	-	-
185,000	-	-	-	498,693	-	-	-
-	-	1,136	-	-	460	-	-
56,494	-	-	-	-	-	-	-
<u>325,028</u>	<u>-</u>	<u>11,527</u>	<u>-</u>	<u>498,693</u>	<u>4,711</u>	<u>-</u>	<u>-</u>
68,461	-	-	-	-	-	-	-
61,553	-	-	-	-	-	-	40
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>130,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
<u>\$ 455,042</u>	<u>\$ -</u>	<u>\$ 11,527</u>	<u>\$ -</u>	<u>\$ 498,693</u>	<u>\$ 4,711</u>	<u>\$ -</u>	<u>\$ 40</u>

LINDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2020

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 Boylan Grants	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 4,769	\$ 100,576	\$ 334,957	\$ 14,307
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 4,769</u>	<u>\$ 100,576</u>	<u>\$ 334,957</u>	<u>\$ 14,307</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ 10,017	\$ 240
2160	Accrued Wages Payable	-	7,430	-	-
2170	Due to Other Funds	2,019	-	-	-
2200	Accrued Expenditures	-	151	-	-
2300	Unearned Revenue	2,750	92,995	-	-
2000	Total Liabilities	<u>4,769</u>	<u>100,576</u>	<u>10,017</u>	<u>240</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	14,067
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	324,940	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>324,940</u>	<u>14,067</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,769</u>	<u>\$ 100,576</u>	<u>\$ 334,957</u>	<u>\$ 14,307</u>

482 CATE	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 5,747	\$ 1,512	\$ 674,115
-	-	771,560
-	-	21,821
-	-	17,834
-	-	68,461
<u>\$ 5,747</u>	<u>\$ 1,512</u>	<u>\$ 1,553,791</u>
\$ -	\$ -	\$ 41,882
-	-	183,939
-	-	685,712
-	-	13,699
-	-	152,239
<u>-</u>	<u>-</u>	<u>1,077,471</u>
-	-	68,461
-	-	61,593
5,747	1,512	21,326
-	-	324,940
<u>5,747</u>	<u>1,512</u>	<u>476,320</u>
<u>\$ 5,747</u>	<u>\$ 1,512</u>	<u>\$ 1,553,791</u>

LINDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	638,531	661,490	9,386	25,528
5020 Total Revenues	638,531	661,490	9,386	25,528
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	594,619	384,536	9,386	25,528
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	35,000	276,954	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	8,912	-	-	-
6030 Total Expenditures	638,531	661,490	9,386	25,528
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives
\$ 420,538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,570	-	-	-	-	-	7,635	556
957,145	41,845	112,878	6,035	498,693	57,364	-	-
1,386,253	41,845	112,878	6,035	498,693	57,364	7,635	556
-	41,845	112,878	6,035	-	138	7,635	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	258
-	-	-	-	-	-	-	-
-	-	-	-	334,110	-	-	-
-	-	-	-	-	-	-	258
-	-	-	-	-	-	-	-
1,588,663	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	164,583	-	-	-
-	-	-	-	-	57,226	-	-
-	-	-	-	-	-	-	-
1,588,663	41,845	112,878	6,035	498,693	57,364	7,635	516
(202,410)	-	-	-	-	-	-	40
175,000	-	-	-	-	-	-	-
(27,410)	-	-	-	-	-	-	40
157,424	-	-	-	-	-	-	-
\$ 130,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40



LINDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 Boylan Grants
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 270,174	\$ 21,453
5800 State Program Revenues	514,921	106,590	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>514,921</u>	<u>106,590</u>	<u>270,174</u>	<u>21,453</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	514,921	17,195	159,060	37,118
0012 Instructional Resources and Media Services	-	-	19,851	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	21	-
0023 School Leadership	-	-	13,871	-
0031 Guidance, Counseling, and Evaluation Services	-	22,810	-	-
0034 Student (Pupil) Transportation	-	-	148	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	146	-
0041 General Administration	-	-	9,026	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	66,585	2,847	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	<u>514,921</u>	<u>106,590</u>	<u>204,970</u>	<u>37,118</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	65,204	(15,665)
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	65,204	(15,665)
0100 Fund Balance - September 1 (Beginning)	-	-	259,736	29,732
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,940</u>	<u>\$ 14,067</u>

482 CATE	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 17,425	\$ 2,324	\$ 731,914
-	-	638,272
-	-	3,008,895
17,425	2,324	4,379,081
18,390	-	1,929,284
-	-	19,851
-	-	258
-	-	21
-	-	347,981
-	-	335,022
-	-	148
-	-	1,588,663
-	-	146
-	-	9,026
-	-	164,583
-	-	126,658
-	824	9,736
18,390	824	4,531,377
(965)	1,500	(152,296)
-	-	175,000
(965)	1,500	22,704
6,712	12	453,616
\$ 5,747	\$ 1,512	\$ 476,320

**REQUIRED T.E.A. SCHEDULES**

LINDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2020

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ Various
2012	1.060000	0.395000	1,150,096,897
2013	1.060000	0.395000	1,163,724,271
2014	1.080000	0.355000	1,234,017,931
2015	1.080000	0.355000	1,208,876,794
2016	1.080000	0.320000	1,224,077,071
2017	1.080000	0.310000	1,299,271,080
2018	1.080000	0.310000	1,357,867,664
2019	1.080000	0.310000	1,433,901,500
2020 (School year under audit)	1.010000	0.350000	1,563,828,428
1000 TOTALS			

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 109,634	\$ -	\$ 6,501	\$ 645	\$ (3,615)	\$ 98,873
27,769	-	3,888	1,520	(656)	21,706
29,538	-	2,356	877	(385)	25,920
38,872	-	3,633	1,352	(2,712)	31,176
49,954	-	4,353	1,429	113	44,285
45,464	-	13,307	4,367	22,913	50,702
117,723	-	25,435	7,551	(821)	83,916
171,880	-	35,657	10,585	(28,420)	97,217
342,691	-	141,271	40,568	(19,534)	141,317
-	21,268,067	15,532,117	5,382,417	(65,650)	287,883
<u>\$ 933,526</u>	<u>\$ 21,268,067</u>	<u>\$ 15,768,520</u>	<u>\$ 5,451,311</u>	<u>\$ (98,767)</u>	<u>\$ 882,994</u>

LINDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - FOOD SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 590,000	\$ 590,000	\$ 420,538	\$ (169,462)
5800 State Program Revenues	9,000	9,000	8,570	(430)
5900 Federal Program Revenues	1,185,000	1,185,000	957,145	(227,855)
5020 Total Revenues	1,784,000	1,784,000	1,386,253	(397,747)
EXPENDITURES:				
Current:				
0035 Food Services	1,900,000	1,900,000	1,588,663	311,337
6030 Total Expenditures	1,900,000	1,900,000	1,588,663	311,337
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,000)	(116,000)	(202,410)	(86,410)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	175,000	175,000	-
1200 Net Change in Fund Balances	(116,000)	59,000	(27,410)	(86,410)
0100 Fund Balance - September 1 (Beginning)	157,424	157,424	157,424	-
3000 Fund Balance - August 31 (Ending)	\$ 41,424	\$ 216,424	\$ 130,014	\$ (86,410)

LINDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,468,941	\$ 5,468,941	\$ 5,552,639	\$ 83,698
5800 State Program Revenues	-	-	151,850	151,850
5020 Total Revenues	5,468,941	5,468,941	5,704,489	235,548
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	3,570,000	3,570,000	3,570,000	-
0072 Interest on Long-Term Debt	2,535,000	2,535,000	2,533,052	1,948
0073 Bond Issuance Cost and Fees	10,000	10,000	2,550	7,450
6030 Total Expenditures	6,115,000	6,115,000	6,105,602	9,398
1200 Net Change in Fund Balances	(646,059)	(646,059)	(401,113)	244,946
0100 Fund Balance - September 1 (Beginning)	2,943,535	2,943,535	2,943,535	-
3000 Fund Balance - August 31 (Ending)	\$ 2,297,476	\$ 2,297,476	\$ 2,542,422	\$ 244,946

**COMPLIANCE, INTERNAL CONTROL, AND  
FEDERAL AWARDS SECTION**





**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

Independent Auditor's Report

Board of Trustees  
Lindale Independent School District  
505 Pierce Street  
Lindale, TX 75571

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lindale 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 8, 2020.

**Internal Control over Financial Reporting**

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

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

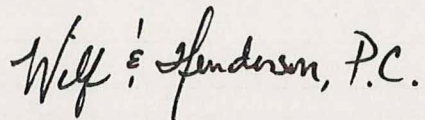
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

December 8, 2020



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Trustees  
Lindale Independent School District  
505 Pierce Street  
Lindale, TX 75771

Members of the Board:

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

We have audited Lindale Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of 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 compliance for each of Lindale Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lindale Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Lindale Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

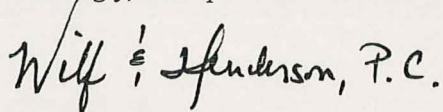
## Report on Internal Control Over Compliance

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

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

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

This purpose of this report in 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.



**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

December 8, 2020

**LINDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2020**

**I. Summary of the Auditor's Results:**

- a. The type of report issued on the financial statements of the Lindale Independent School District was an unmodified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instance of noncompliance material to the financial statements of the Lindale Independent School District was disclosed during the audit.
- d. No significant deficiency or material weakness relating to the audit of the major federal award programs are reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. No audit findings relative to the major federal awards programs were disclosed by the audit that were required to be reported under 2 CFR 200.516(a).
- g. The program tested as major programs was:

School Breakfast Program	CFDA # 10.553
National School Lunch Program – Cash Assistance	CFDA # 10.555
National School Lunch Program – Non-Cash Assistance	CFDA # 10.555

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Lindale Independent School District was determined to be a low-risk auditee.

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

No findings were required to be reported.

**III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f above.**

No findings were required to be reported.

**LINDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2020**

There were no prior year audit findings or questioned costs.

**LINDALE INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2020**

There were no current year audit findings or questioned costs.

LINDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2020

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20-610101212903	\$ 588,310
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21-610101212903	50,221
Total CFDA Number 84.010A			<u>638,531</u>
*IDEA - Part B, Formula	84.027A	20-660001212903	593,210
*IDEA - Part B, Formula	84.027A	21-660001212903	68,280
*IDEA - Part B, Discretionary	84.027A	20-660001212903	22,711
*IDEA - Part B, Discretionary	84.027A	21-660001212903	2,817
Total CFDA Number 84.027A			<u>687,018</u>
*IDEA - Part B, Preschool	84.173	20-661001212903	8,794
*IDEA - Part B, Preschool	84.173	21-661001212903	592
Total CFDA Number 84.173			<u>9,386</u>
Total Special Education Cluster (IDEA)			<u>696,404</u>
Career and Technical - Basic Grant	84.048A	20-420006212903	41,845
Title III, Part A - English Language Acquisition	84.365A	20-671001212903	6,035
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20-694501212903	101,352
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21-694501212903	11,526
Total CFDA Number 84.367A			<u>112,878</u>
LEP Summer School	84.424A	20-680101212903	52,653
LEP Summer School	84.424A	21-680101212903	4,711
Total CFDA Number 84.424A			<u>57,364</u>
CARES Act Stimulus Grant	84.425D	20-521001212903	498,693
Total Passed Through State Department of Education			<u>2,051,750</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>2,051,750</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	168,503
*National School Lunch Program - Cash Assistance	10.555	N/A	639,150
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	149,492
Total CFDA Number 10.555			<u>788,642</u>
Total Child Nutrition Cluster			<u>957,145</u>
Total Passed Through the State Department of Agriculture			<u>957,145</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>957,145</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 3,008,895</u>
*Clustered Programs as required by Compliance Supplement 2020			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards



**LINDALE INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2020**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted or committed to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Uniform Guidance.
4. Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.

A reconciliation of federal program revenues and expenditures is as follows:

Other Special Revenue Funds	\$3,532,303
Less Medicaid Arrangements Payments:	
SSA - School Health & Related Services (SHARS)	<u>(523,408)</u>
Total Federal Program Expenditures	<u>\$3,008,895</u>

**REQUIRED T.E.A. SCHEDULES**

SCHOOLS FIRST QUESTIONNAIRE

Lindale Independent School District

Fiscal Year 2020

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	1,450,964