

WEST SABINE INDEPENDENT SCHOOL DISTRICT
Pineland, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2020

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INTRODUCTORY SECTION

WEST SABINE INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD
August 31, 2020

West Sabine Independent School District
Name of School District

Sabine
County

202-905
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 21th day of January, 2021.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
West Sabine Independent School District
Pineland, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Sabine 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2020, and the respective changes in financial position 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, and the general, child nutrition, debt service and capital project funds schedules of revenues, expenditures, and changes in fund balance - budgetary comparison, pension schedules, and OPEB schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information 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 funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
January 21, 2021

WEST SABINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of West Sabine Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

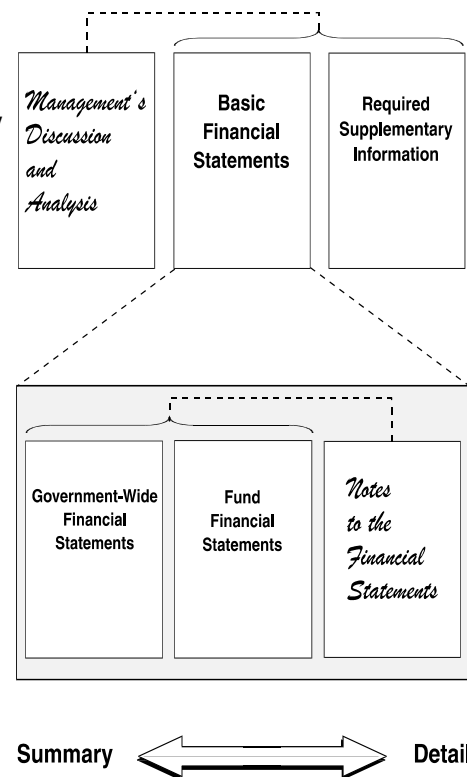
- The District's total combined net position was \$4,086,382 at August 31, 2020.
- During the year, the District's expenses were \$383,601 less than the \$8,710,282 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$9,093,883; \$709,765 more than last year.
- The general fund reported a fund balance at the end of this year of \$4,223,514.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government services* were financed in the *short term* as well as what remains for future spending.
- *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 shows how the required parts of this annual report are arranged and related to one another.

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, liabilities, deferred inflows, and deferred outflows. 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 it has changed. Net position (the difference between the District's assets, liabilities, deferred inflows, and deferred outflows) is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base, or changes in student enrollment numbers.

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 is properly using certain taxes and grants.

The District has the following kinds of funds:

Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps 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.

Fiduciary Funds - The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District's fiduciary funds consist of money held on behalf of student organizations and money held for scholarship funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As year to year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's combined net position at August 31, 2020 was \$4,086,382. This is a \$383,601 decrease from last year's combined net position of \$4,469,983. The following table provides a comparative summary of the District's net position:

Summary of Net Position

	GOVERNMENTAL ACTIVITIES			
	AUGUST 31,		AMOUNT OF CHANGE	%
	2020	2019		
Current and other assets	\$ 5 420 354	\$ 5 597 104	\$ (176 750)	(3.16)%
Capital and long-term assets	12 257 543	12 972 566	(715 023)	(5.51)%
TOTAL ASSETS	17 677 897	18 569 670	(891 773)	(4.80)%
Deferred outflows	1 671 870	1 937 747	(265 877)	(13.72)%
Current liabilities	1 169 364	1 076 072	93 292	8.67%
Long-term liabilities	11 008 639	12 355 409	(1 346 770)	(10.90)%
TOTAL LIABILITIES	12 178 003	13 431 481	(1 253 478)	(9.33)%
Deferred inflows	3 085 382	2 605 953	479 429	18.40%
Net Position:				
Invested in capital assets	4 996 479	5 416 116	(419 637)	(7.75)%
Restricted	133 366	221 112	(87 746)	(39.68)%
Unrestricted	(1 043 463)	(1 167 245)	123 782	(10.60)%
TOTAL NET POSITION	\$ 4 086 382	\$ 4 469 983	\$ (383 601)	(8.58)%

Net position of the District's governmental activities decreased 8.58% to \$4,086,382 during the year ending August 31, 2020. Some of the net position is either restricted as to the purposes it can be used for, or is invested in capital assets (buildings, vehicles, equipment, and so on). Unrestricted net position increased by \$123,782 and totaled \$(1,043,463) at year end.

Governmental Activities

- The cost of all *governmental* activities this year was \$9,093,883.
- However, the amount that our taxpayers paid for these activities through property taxes was \$1,832,270.
- Some of the cost was paid by charges for services of \$72,624, or by operating grants and contributions of \$1,273,770.
- Property tax rate was \$1.26 per \$100 valuation in 2020 and \$1.28 per \$100 valuation in 2019. The District's appraised values increased which led to property tax revenues increasing \$313,504 to \$1,832,270 from \$1,518,766 in the prior year.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the District's operational activities and changes in net position:

Summary of Activities and Changes in Net Position

	GOVERNMENTAL ACTIVITIES			
	AUGUST 31,		AMOUNT OF CHANGE	% CHANGE
	2020	2019		
Revenues:				
Program Revenues:				
Charges for services	\$ 72 624	\$ 93 685	\$ (21 061)	(22.48)%
Operating grants and contributions	1 273 770	1 018 173	255 597	25.10%
General Revenues:				
Property taxes	1 832 270	1 518 766	313 504	20.64%
Investment earnings	59 035	90 640	(31 605)	(34.87)%
Unrestricted grants and programs	5 341 365	5 315 229	26 136	0.49%
Other general revenues	131 218	78 797	52 421	66.53%
TOTAL REVENUES	8 710 282	8 115 290	594 992	7.33%
Expenses:				
Instruction	4 988 279	4 574 107	414 172	9.05%
Instructional resources and media services	74 209	74 305	(96)	(0.13)%
Curriculum and staff development	25 093	64 403	(39 310)	(61.04)%
Instructional leadership	20 082	25 866	(5 784)	(22.36)%
School leadership	467 072	392 050	75 022	19.14%
Guidance, counseling and evaluation services	195 419	202 005	(6 586)	(3.26)%
Social work services	-	86	(86)	(100)%
Health services	105 777	78 331	27 446	35.04%
Student transportation	191 832	196 053	(4 221)	(2.15)%
Food service	471 709	445 934	25 775	5.78%
Cocurricular and extracurricular activities	500 589	487 403	13 186	2.71%
General administration	567 153	534 268	32 885	6.16%
Plant maintenance and operations	832 673	730 069	102 604	14.05%
Security and monitoring services	23 588	15 155	8 433	55.65%
Data processing services	157 742	114 973	42 769	37.20%
Interest on long-term debt	269 539	277 557	(8 018)	(2.89)%
Bond issuance cost and fees	750	751	(1)	(0.13)%
Payments to shared services arrangements	144 264	115 456	28 808	24.95%
Other intergovernmental charges	58 113	55 346	2 767	5.00%
TOTAL EXPENSES	9 093 883	8 384 118	709 765	8.47%
CHANGE IN NET POSITION	(383 601)	(268 828)	(114 773)	42.69%
Net position - Beginning	4 469 983	4 738 811	(268 828)	(5.67)%
NET POSITION - ENDING	\$ 4 086 382	\$ 4 469 983	\$ (383 601)	(8.58)%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Revenues totaled \$6,851,279 compared with \$6,487,622 in the prior year, an increase of \$363,651 from the prior year. This was primarily a result of increased state foundation allotment due to changes in the state funding formula. General Fund Expenditures totaled \$6,602,931 compared with \$6,080,313 in the prior year, an increase of \$522,618. Areas with the greatest fluctuation were an increase in instruction and extracurricular costs.

Comparative data for the District's fund balances of its Governmental Funds are presented in the following table to assist analysis:

Summary of the District's Fund Balances

	GOVERNMENTAL FUNDS		AMOUNT OF CHANGE	% CHANGE
	AUGUST 31,			
	2020	2019		
General Fund	\$ 4 223 514	\$ 3 996 223	\$ 227 291	5.69%
Capital Projects Fund	-	15 882	(15 882)	(100)%
Debt Service Fund	96 820	135 801	(38 981)	(28.70)%
Food Service Fund	36 546	69 429	(32 883)	(47.36)%
TOTAL GOVERNMENTAL	\$ 4 356 880	\$ 4 217 335	\$ 139 545	3.31%

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$962,561 below final budget amounts. Significant positive variances resulted in the following functions: instruction, transportation, and co-curricular activities.

Resources available were \$515,734 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2020, the District had invested \$23.0 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. The \$36,928 increase is primarily due to a roof on the District's maintenance shop.

Summary of the District's Capital Assets

	GOVERNMENTAL ACTIVITIES		AMOUNT OF CHANGE	% CHANGE
	AUGUST 31,			
	2020	2019		
Land	\$ 285 652	\$ 285 652	\$ -	- %
Buildings and improvements	21 000 601	20 963 674	36 927	0.18%
Equipment	740 785	740 785	1	- %
Vehicles	1 043 753	1 043 753	-	- %
SUBTOTAL	23 070 791	23 033 864	36 927	0.16%
Less accumulated depreciation	(10 813 248)	(10 061 298)	(751 950)	7.47%
NET CAPITAL ASSETS	\$ 12 257 543	\$ 12 972 566	\$ (715 019)	(5.51)%

Debt

At August 31, 2020, the District had \$7,345,000 in bonds payable.

Summary of the District's Debt

	AUGUST 31,	
	2020	2019
Balance of debt, beginning of year	\$ 7 645 000	\$ 7 688 893
New bonds issued	-	-
Principal payments on bonds	(300 000)	(43 893)
BALANCE OF DEBT, END OF YEAR	\$ 7 345 000	\$ 7 645 000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Appraised taxable values used for the 2021 budget preparation are projected to be \$162,993,814, which is a 3.69% increase from the taxable values of \$157,189,929 for the 2020 budget year. These values primarily increased due to changes in commercial property valuations.
- General operating fund spending is expected to increase \$472,212 from \$6,623,988 actual expenditures and actual other financing uses in 2020 to \$7,096,200 budgeted for 2021. This increase is primarily the result of change in payroll.
- The District's 2021 refined ADA is expected to be 500, which is a decrease from the refined ADA of 526 for 2020.

These indicators were taken into account when adopting the general fund budget for 2021. Amounts available for appropriation in the general fund budget are \$7,096,200, an increase of approximately \$244,921 when compared to the actual 2020 revenues of \$6,851,279.

If these estimates are realized, the District's general fund balance is expected to decrease by \$326,265 at the close of fiscal year 2021.

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 Office.

BASIC FINANCIAL STATEMENTS

WEST SABINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2020

EXHIBIT A-1

DATA CONTROL CODES		1 GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash and cash equivalents	\$ 5 054 846
1225	Property taxes receivable (net)	35 061
1240	Due from other governments	162 248
1410	Deferred expenditures	168 199
1510	Land	285 652
1520	Building, net	11 826 165
1530	Vehicles and equipment, net	145 726
1000	TOTAL ASSETS	17 677 897
	DEFERRED OUTFLOWS	
	Deferred outflows related to debt refunding	474 263
	Deferred outflows related to pension	915 673
	Deferred outflows related to OPEB	281 934
1700	TOTAL DEFERRED OUTFLOWS	1 671 870
	LIABILITIES	
2140	Interest payable	10 866
2165	Accrued liabilities	293 981
2200	Other accrued expense	175 056
2501	Due within one year	310 000
2502	Due in more than one year	7 035 000
2516	Premium on bond issue	379 461
2540	Net pension liability	1 630 877
2545	Net OPEB liability	2 342 762
2000	TOTAL LIABILITIES	12 178 003
	Deferred Inflows:	
	Deferred inflow related to pension	480 247
	Deferred inflow related to OPEB	2 045 759
	Unavailable revenue	559 376
2600	TOTAL DEFERRED INFLOWS	3 085 382
	NET POSITION	
3200	Net investment in capital assets	4 996 479
3850	Restricted for debt service	96 820
3820	Restricted for federal and state programs	36 546
3900	Unrestricted	(1 043 463)
3000	TOTAL NET POSITION	\$ 4 086 382

The accompanying notes are an integral part of this statement.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2020

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	3 PROGRAM REVENUES		4 OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES
			CHARGES FOR SERVICES			
	Governmental Activities:					
11	Instruction	\$ 4 988 279	\$ -	\$ 651 367	\$ (4 336 912)	
12	Instruction resources and media services	74 209	-	6 402	(67 807)	
13	Curriculum and staff development	25 093	-	1 362	(23 731)	
21	Instructional leadership	20 082	-	4 882	(15 200)	
23	School leadership	467 072	-	83 631	(383 441)	
31	Guidance, counseling, and evaluation services	195 419	-	51 344	(144 075)	
33	Health services	105 777	-	2 906	(102 871)	
34	Student transportation	191 832	-	5 446	(186 386)	
35	Food services	471 709	51 481	323 579	(96 649)	
36	Cocurricular/extracurricular activities	500 589	21 143	27 909	(451 537)	
41	General administration	567 153	-	39 553	(527 600)	
51	Facilities maintenance and operations	832 673	-	48 540	(784 133)	
52	Security and monitoring services	23 588	-	-	(23 588)	
53	Data processing services	157 742	-	26 849	(130 893)	
72	Interest on long-term debt	269 539	-	-	(269 539)	
73	Bond issuance costs and fees	750	-	-	(750)	
93	Payments related to shared services arrangements	144 264	-	-	(144 264)	
99	Other intergovernmental charges	58 113	-	-	(58 113)	
TG	TOTAL GOVERNMENTAL ACTIVITIES	\$ 9 093 883	\$ 72 624	\$ 1 273 770	(7 747 489)	
	General Revenues:					
MT	Property taxes, levied for general purposes				1 411 920	
DT	Property taxes, levied for debt service				420 350	
GC	Grants and contributions not restricted				5 341 365	
IE	Investment earnings				59 035	
MI	Miscellaneous				131 218	
TR	TOTAL GENERAL REVENUES				7 363 888	
CN	CHANGE IN NET POSITION				(383 601)	
NB	Net position - Beginning				4 469 983	
NE	NET POSITION - ENDING				\$ 4 086 382	

The accompanying notes are an integral part of this statement.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2020

<u>DATA CONTROL CODES</u>		<u>10 GENERAL FUND</u>	<u>50 DEBT SERVICE FUND</u>
	ASSETS		
1110	Cash and cash equivalents	\$ 4 802 339	\$ 204 904
1225	Taxes receivable, net	27 850	7 211
1240	Due from other governments	4 326	1 222
1260	Due from other funds	140 603	-
1410	Prepaid expenditures	168 199	-
1000	TOTAL ASSETS	<u>\$ 5 143 317</u>	<u>\$ 213 337</u>
	LIABILITIES		
	Current Liabilities:		
2160	Accrued wages payable	\$ 281 373	\$ -
2170	Due to other funds	-	-
2200	Other accrued expense	160 510	-
2000	TOTAL LIABILITIES	<u>441 883</u>	<u>-</u>
	Deferred Inflows:		
2600	Unavailable revenue	477 920	116 517
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>919 803</u>	<u>116 517</u>
	FUND BALANCES		
	Nonspendable Fund Balances:		
3430	Prepaid expenditures	168 199	-
	Restricted Fund Balances:		
3450	Federal/state funds grant restrictions	-	-
3480	Retirement of long-term debt	-	96 820
	Committed Fund Balances:		
3510	Construction	1 110 654	-
3530	Capital expenditures for equipment	350 000	-
3600	Unassigned	2 594 661	-
3000	TOTAL FUND BALANCE	<u>4 223 514</u>	<u>96 820</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 5 143 317</u>	<u>\$ 213 337</u>

The accompanying notes are an integral part of this statement.

60 CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	98 TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 47 603	\$ 5 054 846
-	-	35 061
-	156 700	162 248
-	-	140 603
-	-	168 199
<u>\$ -</u>	<u>\$ 204 303</u>	<u>\$ 5 560 957</u>
\$ -	\$ 12 608	\$ 293 981
-	140 603	140 603
-	14 546	175 056
<u>-</u>	<u>167 757</u>	<u>609 640</u>
-	-	594 437
<u>-</u>	<u>167 757</u>	<u>1 204 077</u>
-	-	168 199
-	36 546	36 546
-	-	96 820
-	-	1 110 654
-	-	350 000
-	-	2 594 661
<u>-</u>	<u>36 546</u>	<u>4 356 880</u>
<u>\$ -</u>	<u>\$ 204 303</u>	<u>\$ 5 560 957</u>

WEST SABINE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
August 31, 2020

EXHIBIT C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET	\$ 4 356 880
Amounts Reported for Governmental Activities in the Statement of Net Position ("SNP") are Different Because:	
Capital assets used in governmental activities are not reported in the funds.	12 257 543
Property taxes receivable unavailable to pay for current period expenditures are recorded as unavailable in the funds.	35 061
Payables for bond principal which are not due in the current period are not reported in the funds.	(7 345 000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(10 866)
Bond premiums amortized in the Statement of Net Position but not in the funds.	(379 461)
Deferred resource outflows related to bond refundings are not reported in the funds.	474 263
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(2 342 762)
Deferred resources outflows related to the OPEB plan are not reported in the funds.	281 934
Deferred resources inflows related to the OPEB plan are not reported in the funds.	(2 045 759)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1 630 877)
Deferred resource outflows related to the pension plan are not reported in the funds.	915 673
Deferred resource inflows related to the pension plan are not reported in the funds.	<u>(480 247)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 4 086 382</u>

The accompanying notes are an integral part of this statement.

WEST SABINE 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
	Revenues:		
5700	Local and intermediate sources	\$ 1 618 262	\$ 418 346
5800	State program revenues	5 085 689	108 348
5900	Federal program revenues	147 328	-
5020	TOTAL REVENUES	<u>6 851 279</u>	<u>526 694</u>
	Expenditures:		
	Current:		
0011	Instruction	3 681 938	-
0012	Instructional resources and media services	66 537	-
0013	Curriculum and staff development	23 731	-
0021	Instructional leadership	15 200	-
0023	School leadership	375 204	-
0031	Guidance, counseling, and evaluation services	138 907	-
0033	Health services	102 871	-
0034	Student transportation	138 475	-
0035	Food service	-	-
0036	Cocurricular/extracurricular activities	432 257	-
0041	General administration	511 610	-
0051	Facilities maintenance and operations	772 073	-
0052	Security and monitoring services	23 588	-
0053	Data processing services	118 163	-
0071	Principal on long-term debt	-	300 000
0072	Interest on long-term debt	-	264 925
0073	Bond issuance costs and fees	-	750
0081	Capital outlay	-	-
0093	Payments to shared service arrangements	144 264	-
0099	Other governmental charges	58 113	-
6030	TOTAL EXPENDITURES	<u>6 602 931</u>	<u>565 675</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>248 348</u>	<u>(38 981)</u>
	Other Financing Sources (Uses):		
7915	Transfers in	-	-
8911	Transfers out	<u>(21 057)</u>	<u>-</u>
7080	TOTAL OTHER FINANCING SOURCES (USES)	<u>(21 057)</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	227 291	(38 981)
0100	Fund balances - Beginning	<u>3 996 223</u>	<u>135 801</u>
3000	FUND BALANCES - ENDING	\$ <u>4 223 514</u>	\$ <u>96 820</u>

The accompanying notes are an integral part of this statement.

60 CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	98 TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 51 481	\$ 2 088 089
-	87 663	5 281 700
-	628 881	776 209
<u>-</u>	<u>768 025</u>	<u>8 145 998</u>
-	300 429	3 982 367
-	-	66 537
-	1 362	25 093
-	4 882	20 082
-	42 116	417 320
-	25 298	164 205
-	2 906	105 777
-	-	138 475
-	388 670	388 670
-	-	432 257
-	-	511 610
-	17 107	789 180
-	-	23 588
-	18 150	136 313
-	-	300 000
-	-	264 925
-	-	750
36 927	-	36 927
-	-	144 264
-	-	58 113
<u>36 927</u>	<u>800 920</u>	<u>8 006 453</u>
<u>(36 927)</u>	<u>(32 895)</u>	<u>139 545</u>
21 045	12	21 057
-	-	(21 057)
<u>21 045</u>	<u>12</u>	<u>-</u>
(15 882)	(32 883)	139 545
<u>15 882</u>	<u>69 429</u>	<u>4 217 335</u>
\$ <u>-</u>	\$ <u>36 546</u>	\$ <u>4 356 880</u>

WEST SABINE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2020

EXHIBIT C-3

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 139 545
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
Capital outlays are not reported as expenses in the SOA.	36 927
The depreciation of capital assets used in governmental activities is not reported in the funds.	(751 950)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	7 058
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	300 000
Bond premiums are amortized in the SOA but not in the funds.	21 081
The accretion of interest on capital appreciation bonds is not reported in the funds and payment of accreted interest is not recognized in the SOA.	653
Amortization of deferred outflows related to debt refunding is not recognized in the funds.	(26 348)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(220 696)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>110 129</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	\$ <u><u>(383 601)</u></u>

The accompanying notes are an integral part of this statement.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
August 31, 2020

EXHIBIT E-1

DATA CONTROL CODES		PRIVATE PURPOSE TRUSTS	AGENCY FUND STUDENT ACTIVITY
	ASSETS		
1110	Cash and cash equivalents	\$ 25 767	\$ 168 389
1000	TOTAL ASSETS	\$ 25 767	\$ 168 389
	LIABILITIES		
	Current Liabilities:		
2190	Due to student groups	\$ -	\$ 168 389
2000	TOTAL LIABILITIES	-	168 389
	NET POSITION		
3800	Held in trust	25 767	-
3000	TOTAL NET POSITION	\$ 25 767	\$ -

The accompanying notes are an integral part of this statement.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Year Ended August 31, 2020

EXHIBIT E-2

	PRIVATE PURPOSE TRUST FUNDS
<p>Additions:</p> <p style="padding-left: 20px;">Investment income</p> <p style="padding-left: 40px;">TOTAL ADDITIONS</p>	<p>\$ <u>34</u></p> <p><u>34</u></p>
<p>Deductions:</p> <p style="padding-left: 20px;">Miscellaneous operating costs</p> <p style="padding-left: 40px;">TOTAL DEDUCTIONS</p>	<p><u>500</u></p> <p><u>500</u></p>
CHANGE IN NET POSITION	<u>(466)</u>
Beginning net position	<u>26 233</u>
ENDING NET POSITION	\$ <u><u>25 767</u></u>

The accompanying notes are an integral part of this statement.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgement for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units concluded within the District's reporting entity.

B. Basis of Presentation and Basis of Accounting

1. Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

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

Debt Service Fund: This fund is used to account for accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund: This fund accounts for resources segregated for construction and maintenance of school buildings and equipment.

In addition, the District reports the following fund types:

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

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

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

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus and Basis of Accounting

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

Governmental Fund Financial Statements

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

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

D. Financial Statement Amounts

1. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for uncollectible tax receivables was \$140,244 at August 31, 2020.

2. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

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

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

ASSET CLASS	ESTIMATED USEFUL LIVES
Buildings	15-30
Building improvements	15-30
Vehicles	5-10
Equipment	5-10

WEST SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 period and so will *not* be recognized as an inflow of resources (revenue) until that time.

5. Receivable and Payable Balances

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

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

6. Interfund Activity

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

7. Use of Estimates

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

8. Data Control Codes

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

9. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

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

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

10. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

11. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

E. Pensions

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

F. 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.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
Child Nutrition expenditures over budget	Budget amendments will be adopted for such expenditures in future years.

B. Deficit Fund Balance or Fund Net Position of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. 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.

Cash Deposits

At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,249,002 and the bank balance was \$5,275,794. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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) acceptance risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

The District's investments at August 31, 2020 are shown below.

INVESTMENT OR INVESTMENT TYPE	MATURITY	FAIR VALUE
Brokered certificates of deposit	Less than a year	\$ 4 685 369
Federated money market	N/A	29 376
TOTAL INVESTMENTS		\$ 4 714 745

Analysis of Specific Deposit and Investment Risks

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

1. Credit Risk

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

2. Custodial Credit Risk

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

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

3. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to a concentration of credit risk.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

4. Interest Rate Risk

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

5. Foreign Currency Risk

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

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investment are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

B. Interfund Balances and Activity

Due to and from other funds

The District's interfund balances at August 31, 2020 consisted of the following:

DUE TO	DUE FROM	AMOUNT	REASON
General Fund	Other Governmental Funds	\$ 140 603	Short-term loan

Transfer to and from other funds

Transfers to and from other funds at August 31, 2020, consisted of the following:

TRANSFERS FROM	TRANSFERS TO	AMOUNT	REASON
General Fund	Other Government Funds	\$ 12	Supplement other funding sources
General Fund	Capital Projects Fund	21 045	Supplement other funding sources
	TOTAL	\$ 21 057	

C. Capital Assets

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

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Capital Assets Not Being Depreciated:				
Land	\$ 285 652	\$ -	\$ -	\$ 285 652
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	285 652	-	-	285 652
Capital Assets Being Depreciated:				
Buildings and improvements	20 963 674	36 927	-	21 000 601
Equipment	740 785	-	-	740 785
Vehicles	1 043 753	-	-	1 043 753
TOTAL CAPITAL ASSETS BEING DEPRECIATED	22 748 212	36 927	-	22 785 139
Less Accumulated Depreciation for:				
Buildings and improvements	(8 527 638)	(646 798)	-	(9 174 436)
Equipment	(611 741)	(58 322)	-	(670 063)
Vehicles	(921 919)	(46 830)	-	(968 749)
TOTAL ACCUMULATED DEPRECIATION	(10 061 298)	(751 950)	-	(10 813 248)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	12 686 914	(715 023)	-	11 971 891
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 12 972 566	\$ (715 023)	\$ -	\$ 12 257 543

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:			
11	Instruction	\$	585 338
34	Student transportation		46 830
35	Food service		59 942
36	Extracurricular activities		34 885
41	General administration		8 142
51	Plant maintenance and operations		5 809
53	Data processing services		11 004
	TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$	751 950

WEST SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Long-term Obligation Activity

Long-term obligation includes debt liabilities. Changes in long-term obligations for the year ended August 31, 2020, are as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities:					
General obligation bonds	\$ 7 645 000	\$ -	\$ (300 000)	\$ 7 345 000	\$ 310 000
Bond premiums	400 542	-	(21 081)	379 461	-
TOTAL GOVERNMENT ACTIVITIES	\$ 8 045 542	\$ -	\$ (321 081)	\$ 7 724 461	\$ -

Long - term debt consisted of the following individual issues:

	INTEREST RATES	ORIGINAL ISSUE	MATURITY	BALANCE
Governmental Activities:				
Current Interest Bonds:				
2015 Unlimited Tax Refunding Bonds	3.00 - 5.00%	\$ 7 860 000	2038	\$ 7 345 000

Debt service requirements on long-term debt at August 31, 2020, are as follows:

YEAR ENDING AUGUST 31	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2021	\$ 310 000	\$ 249 925	\$ 559 925
2022	325 000	234 425	559 425
2023	335 000	218 175	553 175
2024	350 000	201 425	551 425
2025	365 000	183 925	548 925
2026 - 2030	1 935 000	751 325	2 686 325
2031 - 2035	2 210 000	446 075	2 656 075
2036 - 2038	1 515 000	98 838	1 613 838
TOTALS	\$ 7 345 000	\$ 2 384 113	\$ 9 729 113

E. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2020, as follows:

YEAR ENDING AUGUST 31	
2021	\$ 16 249
TOTAL MINIMUM RENTALS	\$ 16 249
RENTAL EXPENDITURES IN 2019	\$ 26 411

F. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omission, injuries to employees, and natural disasters. During 2019, the District purchased commercial insurance to cover general liabilities. The District participates in a partially self-funded workers' compensation pool administered by Claims Administrative Services, Inc. Under the terms of this plan, the District pays its share of administrative fees plus its actual claims, up to a predetermined maximum loss figure. Member districts share in claim costs for individual claims that exceed their individual maximum loss amount, but total payments for any District will not exceed their individual maximum loss amount. The maximum loss per individual claim for the pool is \$250,000 of which the District's share is \$29,890 for the year ended August 31, 2020. The risk pool does maintain catastrophic insurance coverage for individual claims that exceed \$250,000 up to \$5,000,000 in total coverage. The risk pool estimates each District's aggregate liability for each year based on the number of claims, types of claims and other relevant information. The District accounts for workers compensation activity in the general fund. Liabilities include an estimated undiscounted amount for claims that have been incurred but not reported. Changes in the balances of workers' compensation claim liabilities during the past three years are as follows:

	BEGINNING BALANCE	INCURRED CLAIMS	CLAIMS PAID	ENDING BALANCE
Year Ended August 31, 2018	\$ 22 340	\$ 4 331	\$ 3 510	\$ 23 161
Year Ended August 31, 2019	\$ 23 161	\$ 4 580	\$ 4 042	\$ 23 699
Year Ended August 31, 2020	\$ 23 699	\$ 372	\$ 3 318	\$ 20 753

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

G. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

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

4. Contributions

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

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

	CONTRIBUTION RATES	
	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer Contributions - 2019		\$ 117 666
Member Contributions - 2019		\$ 313 585
NECE On-behalf Contributions - 2018		\$ 203 668

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

6. Discount Rate

The single discount rate used to measure the total pension liability was 7.25%. 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 plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

ASSET CLASS	TARGET ALLOCATION*	LONG-TERM EXPECTED ARITHMETIC REAL RATE OF RETURN	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS**
Global Equity			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	- %	- %	- %
Stable Value Hedge Funds	4%	3.09%	0.12%
Cash	1%	(0.30)%	- %
Real Return			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	16%	5.21%	0.73%
Energy and Natural Resources	3%	7.48%	0.37%
Commodities	- %	- %	- %
Risk Parity			
Risk Parity	5%	3.70%	0.18%
Inflation Expectation			2.30%
Volatility Drag**			(0.79)%
Total	<u>100%</u>		<u>7.25%</u>

* Target allocations are based on the FY2016 policy model.

** The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

For the fiscal year ended August 31, 2019, the annual money-weighted rate of return on pension plan investments was 7.25 percent. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. 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%)
District proportionate share of the net pension liability	\$ 2 506 895	\$ 1 630 877	\$ 921 134

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

At August 31, 2020, the District reported a liability of \$1,630,877 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	\$ 1 630 877
State's proportionate share of the net pension liability associated with the District	3 024 968
TOTAL	<u>\$ 4 655 845</u>

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

The net pension liability was measured as of August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District'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 District's proportion of the collective net pension liability was 0.0031%, a decrease of 0.0005% from 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 total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2018.

Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

The discount rate changed from 6.907 percent as of August 31, 2018 to 7.25 percent as of August 31, 2019.

With the enactment of SB 3 by the 2019 Legislature, an assumption has been made about how this legislation would impact future salaries. We have assumed that eligible active members would each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

For the year ended August 31, 2020, the District recognized pension expense of \$475,180 and revenue of \$475,180 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 6 851	\$ 56 627
Changes in actuarial assumptions	505 978	209 094
Difference between projected and actual investment earnings	98 049	81 673
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	187 129	132 853
Contributions paid to TRS subsequent to the measurement date	117 666	-
TOTAL	\$ 915 673	\$ 480 247

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

YEAR ENDED AUGUST 31,		PENSION EXPENSE AMOUNT
2020	\$	105 092
2021	\$	83 545
2022	\$	77 546
2023	\$	70 843
2024	\$	4 729
Thereafter	\$	(23 995)

H. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

WEST SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

2. 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, Texas 78701-2698; or by calling 512.542.6592.

3. Benefits Provided

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

Eligible 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			
January 1, 2019 - December 31, 2019			
	<u>Medicare</u>		<u>Non-Medicare</u>
Retiree*	\$ 135	\$	200
Retiree and Spouse	529		689
Retiree* and Children	468		408
Retiree and Family	1 020		999

* or surviving spouse

4. Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Employer Contributions - 2019	\$ 36 567	
Member Contributions - 2019	\$ 26 471	
NECE On-behalf Contributions - 2018	\$ 46 716	

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

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

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

5. Actuarial Assumptions

The total OPEB liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Demographic Assumptions	Based on the experience study performed for the Teachers Retirement System of Texas of the period ending August 31, 2018.
Mortality Assumption	The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection, the ultimate improvement rates from the most recently published projection scale ("U-MP").
Healthcare Trend Rates	Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and initial medical trend rate of 6.75% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. The first year medical trend for Medicare retirees (107.74%) reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.
Election Rates	Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 9 years.
Aging Factors	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Expenses	Based on plan specific experience. Third party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.

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

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

6. Discount Rate

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

7. 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%)
District's proportionate share of the net OPEB liability	\$ 2 828 465	\$ 2 342 762	\$ 1 962 795

8. 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 \$2,342,762 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provide 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	\$ 2 342 762
State's proportionate share that is associated with District	3 113 006
TOTAL	<u>\$ 5 455 768</u>

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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

At August 31, 2019, the employer's proportion of the collective Net OPEB Liability was 0.0050% which decreased 0.0011% from the 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 4.5% rate is used.

	1% Decrease in Healthcare Trend Rate (3.5%)	Current Single Healthcare Trend Rate (4.5%)	1% Increase in Healthcare Trend Rate (5.5%)
District's proportionate share of the net OPEB liability	\$ 1 911 143	\$ 2 342 762	\$ 2 920 933

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 following assumptions and other inputs which are specific to TRS-Care were updated from the prior year's report:

1. Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2019. This change increased the Total OPEB Liability.
2. The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
3. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2018. This change increased the Total OPEB Liability.
4. The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change lowered the Total OPEB Liability
5. Change of Benefit Terms Since the Prior Measurement Date - Please see the 2018 TRS CAFR, page 68, section G. for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

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

For the year ended August 31, 2020, the District recognized OPEB expense of \$82,046 and revenue of \$82,046 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 resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 114 932	\$ 383 368
Changes in actuarial assumptions	130 122	630 145
Difference between projected and actual investment earnings	304	51
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	9	1 032 195
Contributions paid to TRS subsequent to the measurement date	36 567	-
TOTAL	\$ 281 934	\$ 2 045 759

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
2020	\$ (264 571)
2021	\$ (264 571)
2022	\$ (264 653)
2023	\$ (264 703)
2024	\$ (264 690)
Thereafter	\$ (477 204)

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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 received 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 submissions by reporting entities for the month of May. For the fiscal years ended August 31, 2020, 2019 and 2018, the subsidy payments received by TRS-Care on behalf of the District were \$17,069, \$15,200 and \$12,469, respectively.

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for special education services with the following school districts:

Member Districts	
Broaddus ISD	Hemphill ISD - Fiscal Agent
Brookeland ISD	West Sabine ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Hemphill ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

NOTE 5 - OTHER DISCLOSURES

A. Subsequent Events

Management has evaluated subsequent events through January 21, 2021, the date the financial statements were available to be issued.

B. 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.

C. Litigation

No reportable litigation was pending against the District at August 31, 2020.

A novel strain of coronavirus (COVID-19) was spread to the United States of America in January and February 2020. The World Health Organization declared the outbreak to constitute a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our students, employees and vendors all of which are uncertain and cannot be predicted. As of the date these financial statements are issued, COVID-19 had not materially affected results of operations in 2020. However, the impact of response efforts on future operations cannot be predicted.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board, but not considered a part of the basic financial statements.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY
COMPARISON

For the Year Ended August 31, 2020

EXHIBIT G-1

DATA CONTROL CODES		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	Revenues:				
5700	Local and intermediate sources	\$ 1 559 521	\$ 1 679 358	\$ 1 618 262	\$ (61 096)
5800	State program revenues	5 659 205	5 659 205	5 085 689	(573 516)
5900	Federal program revenues	28 450	28 450	147 328	118 878
5020	TOTAL REVENUES	<u>7 247 176</u>	<u>7 367 013</u>	<u>6 851 279</u>	<u>(515 734)</u>
	Expenditures:				
	Current:				
0011	Instruction	3 927 439	4 106 239	3 681 938	424 301
0012	Instructional resources and media services	74 246	74 446	66 537	7 909
0013	Curriculum and staff development	31 472	33 322	23 731	9 591
0021	Instructional leadership	39 581	39 581	15 200	24 381
0023	School leadership	432 071	415 425	375 204	40 221
0031	Guidance, counseling, and evaluation services	175 080	175 280	138 907	36 373
0033	Health services	87 715	105 061	102 871	2 190
0034	Student transportation	331 256	282 606	138 475	144 131
0036	Cocurricular/extracurricular activities	545 929	546 889	432 257	114 632
0041	General administration	560 511	561 011	511 610	49 401
0051	Plant maintenance and operations	746 367	849 933	772 073	77 860
0052	Security and monitoring services	7 000	28 577	23 588	4 989
0053	Data processing services	100 186	141 858	118 163	23 695
0093	Payments to shared service arrangements	120 000	144 264	144 264	-
0099	Other governmental charges	61 000	61 000	58 113	2 887
6030	TOTAL EXPENDITURES	<u>7 239 853</u>	<u>7 565 492</u>	<u>6 602 931</u>	<u>962 561</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7 323</u>	<u>(198 479)</u>	<u>248 348</u>	<u>446 827</u>
	Other Financing Sources (Uses):				
8911	Transfer out	-	(21 057)	(21 057)	-
7080	TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(21 057)</u>	<u>(21 057)</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	7 353	(219 536)	227 291	446 827
0100	Fund balances - Beginning	<u>3 996 223</u>	<u>3 996 223</u>	<u>3 996 223</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ 4 003 546</u>	<u>\$ 3 776 687</u>	<u>\$ 4 223 514</u>	<u>\$ 446 827</u>

See independent auditors' report.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
For The Year Ended August 31, 2020

EXHIBIT G-2

DATA CONTROL CODES		1	2	3	4
		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	Revenues:				
5700	Local and intermediate sources	\$ 337 033	\$ 444 956	\$ 418 346	\$ (26 610)
5800	State program revenues	<u>121 569</u>	<u>121 569</u>	<u>108 348</u>	<u>(13 221)</u>
5020	TOTAL REVENUES	<u>458 602</u>	<u>566 525</u>	<u>526 694</u>	<u>(39 831)</u>
	Expenditures:				
0071	Principal on long-term debt	300 000	300 000	300 000	-
0072	Interest on long-term debt	264 925	264 925	264 925	-
0073	Bond issuance costs and fees	<u>1 600</u>	<u>1 600</u>	<u>750</u>	<u>850</u>
6030	TOTAL EXPENDITURES	<u>566 525</u>	<u>566 525</u>	<u>565 675</u>	<u>850</u>
1200	NET CHANGE IN FUND BALANCES	(107 923)	-	(38 981)	(38 981)
0100	Fund balance - Beginning	<u>135 801</u>	<u>135 801</u>	<u>135 801</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 57 878</u>	<u>\$ 135 801</u>	<u>\$ 96 820</u>	<u>\$ (38 981)</u>

See independent auditors' report.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

EXHIBIT G-3

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.003%	0.004%	0.003%	0.003%	0.003%	0.002%
District's proportionate share of the net pension liability (asset)	\$ 1 630 877	\$ 1 955 958	\$ 1 110 842	\$ 1 229 581	\$ 1 224 054	\$ 1 974 185
State's proportionate share of the net pension liability (asset) associated with the District	<u>3 024 968</u>	<u>3 586 066</u>	<u>2 241 400</u>	<u>2 713 198</u>	<u>2 699 322</u>	<u>2 263 151</u>
TOTAL	<u>\$ 4 655 845</u>	<u>\$ 5 542 024</u>	<u>\$ 3 352 242</u>	<u>\$ 3 942 779</u>	<u>\$ 3 923 376</u>	<u>\$ 4 237 336</u>
District's covered-employee payroll	\$ 3 649 216	\$ 3 929 636	\$ 3 985 215	\$ 3 893 177	\$ 3 889 232	\$ 3 644 952
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.69%	49.77%	27.87%	31.58%	31.47%	13.02%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

EXHIBIT G-4

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 117 666	\$ 102 655	\$ 116 114	\$ 104 311	\$ 126 698	\$ 95 441
Contributions in relation to the contractually required contribution	<u>(117 666)</u>	<u>(102 655)</u>	<u>(116 114)</u>	<u>(104 311)</u>	<u>(126 698)</u>	<u>(95 441)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
District's covered-employee payroll	\$ 4 072 529	\$ 3 649 216	\$ 3 929 636	\$ 3 985 215	\$ 3 893 177	\$ 3 889 232
Contributions as a percentage of covered-employee payroll	2.89%	2.81%	2.95%	2.62%	3.25%	2.45%

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PROPORTIONATE SHARE OF OPEB LIABILITY
AND DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

District's Proportionate Share of Liability	2019	2018	2017
District's proportion of the OPEBL	0.0050%	0.0061%	0.0069%
District's proportionate share of the OPEBL	\$ 2 342 762	\$ 3 054 451	\$ 3 011 745
State share of the OPEBL associated with the District	<u>3 113 006</u>	<u>3 410 397</u>	<u>3 166 977</u>
TOTAL	<u>\$ 5 455 768</u>	<u>\$ 6 464 848</u>	<u>\$ 6 178 722</u>
District's covered-employee payroll*	\$ 3 649 216	\$ 3 929 636	\$ 3 985 215
<i>*Prior FY TRS Gross - September through August</i>			
Proportionate share/covered payroll	64.20%	77.73%	75.57%
Plan fiduciary net position/total OPEB liability	2.66%	1.57%	0.91%
District Contributions			
Contractually required contribution	\$ 36 567	\$ 33 496	\$ 41 249
Contributions to required contribution	<u>(36 567)</u>	<u>(33 496)</u>	<u>(41 249)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Current fiscal year TRS gross	\$ 4 072 529	\$ 3 649 216	\$ 3 929 636
Contributions to covered payroll	0.90%	0.92%	1.05%

Information provided by the Teacher Retirement System of Texas.

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2020

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

1. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

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

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

See Note 3 for description of changes to provisions and assumptions underlying the Pension plan.

OPEB Plan

See Note 3 for description of changes to provisions and assumptions underlying the OPEB plan.

COMBINING STATEMENTS
AS SUPPLEMENTARY INFORMATION

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 August 31, 2020

DATA CONTROL CODES		211 ESEA TITLE I IMPROVING BASIC PROGRAMS	240 NATIONAL SCHOOL BREAKFAST/ LUNCH PROGRAM	244 CAREER AND TECH BASIC GRANT	255 ESEA TITLE II TRAINING AND RECRUITING
	ASSETS				
1110	Cash and cash equivalents	\$ -	\$ 47 603	\$ -	\$ -
1240	Due from other governments	-	16 097	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 63 700</u>	<u>\$ -</u>	<u>\$ -</u>
	LIABILITIES				
2160	Accrued wages payable	\$ -	\$ 12 608	\$ -	\$ -
2170	Due to other funds	-	14 546	-	-
2210	Other accrued expense	-	-	-	-
2000	TOTAL LIABILITIES	<u>-</u>	<u>27 154</u>	<u>-</u>	<u>-</u>
	FUND BALANCES				
3450	Restricted for federal and state funds	-	36 546	-	-
3000	TOTAL FUND BALANCES	<u>-</u>	<u>36 546</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 63 700</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

EXHIBIT H-1

266 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF	270 TITLE VI, PART B RURAL EDUCATION ACHIEVEMENT	289 TITLE IV, PART A STUDENT SUPPORT AND ACADEMIC ENRICHMENT	410 TEXTBOOK ALLOTMENT	429 HOUSE BILL 5 CONTINGENCY	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47 603
113 123	-	27 480	-	-	156 700
<u>\$ 113 123</u>	<u>\$ -</u>	<u>\$ 27 480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204 303</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12 608
113 123	-	27 480	-	-	140 603
-	-	-	-	-	14 546
<u>113 123</u>	<u>-</u>	<u>27 480</u>	<u>-</u>	<u>-</u>	<u>167 757</u>
-	-	-	-	-	36 546
-	-	-	-	-	36 546
<u>\$ 113 123</u>	<u>\$ -</u>	<u>\$ 27 480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204 303</u>

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended August 31, 2020

DATA CONTROL CODES		211 ESEA TITLE I IMPROVING BASIC PROGRAMS	240 NATIONAL SCHOOL BREAKFAST/ LUNCH PROGRAM	244 CAREER AND TECH BASIC GRANT	255 ESEA TITLE II TRAINING AND RECRUITING
	Revenues:				
5700	Local and intermediate sources	\$ -	\$ 51 481	\$ -	\$ -
5800	State program revenues	-	1 844	-	-
5900	Federal program revenues	124 423	308 318	8 041	22 072
5020	TOTAL REVENUES	<u>124 423</u>	<u>361 643</u>	<u>8 041</u>	<u>22 072</u>
	Expenditures:				
	Current:				
0011	Instruction	120 541	-	7 194	21 272
0013	Curriculum and staff development	-	-	-	-
0021	Instructional leadership	3 882	-	-	800
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	847	-
0033	Health services	-	-	-	-
0035	Food services	-	388 670	-	-
0051	Plant maintenance and operations	-	5 856	-	-
0053	Data processing services	-	-	-	-
6030	TOTAL EXPENDITURES	<u>124 423</u>	<u>394 526</u>	<u>8 041</u>	<u>22 072</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(32 883)</u>	<u>-</u>	<u>-</u>
	Other Financing Sources (Uses):				
7900	Transfer in	-	-	-	-
7080	TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCE	-	(32 883)	-	-
0100	Fund balances - Beginning	<u>-</u>	<u>69 429</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 36 546</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

EXHIBIT H-2

266 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF	270 TITLE VI, PART B RURAL EDUCATION ACHIEVEMENT	289 TITLE IV, PART A STUDENT SUPPORT AND ACADEMIC ENRICHMENT	410 TEXTBOOK ALLOTMENT	429 HOUSE BILL 5 CONTINGENCY	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51 481
-	-	-	74 218	11 601	87 663
<u>113 123</u>	<u>12 904</u>	<u>40 000</u>	<u>-</u>	<u>-</u>	<u>628 881</u>
<u>113 123</u>	<u>12 904</u>	<u>40 000</u>	<u>74 218</u>	<u>11 601</u>	<u>768 025</u>
25 500	12 904	38 800	74 218	-	300 429
-	-	1 000	-	362	1 362
-	-	200	-	-	4 882
42 116	-	-	-	-	42 116
24 451	-	-	-	-	25 298
2 906	-	-	-	-	2 906
-	-	-	-	-	388 670
-	-	-	-	11 251	17 107
<u>18 150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18 150</u>
<u>113 123</u>	<u>12 904</u>	<u>40 000</u>	<u>74 218</u>	<u>11 613</u>	<u>800 920</u>
-	-	-	-	(12)	(32 895)
-	-	-	-	12	12
-	-	-	-	12	12
-	-	-	-	-	(32 883)
-	-	-	-	-	69 429
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36 546</u>

OTHER SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 For the Year Ended August 31, 2020

LAST 10 YEARS	(1) TAX RATES (2)		(3) ASSESSED/APPRaisal VALUE FOR SCHOOL TAX PURPOSES	
	MAINTENANCE	DEBT SERVICE		
2011 and prior years	Various	Various		Various
2012	1.0400	0.3385	\$	89 364 408
2013	1.0400	0.3200	\$	91 702 843
2014	1.0400	0.3150	\$	98 087 236
2015	1.0400	0.3100	\$	83 438 011
2016	1.0401	0.2700	\$	92 275 814
2017	1.0400	0.2600	\$	98 173 077
2018	1.0400	0.2400	\$	108 427 385
2019	1.0400	0.2400	\$	121 072 500
2020 (School year under audit)	0.9700	0.2900	\$	150 585 317
TOTALS				

See independent auditors' report.

EXHIBIT J-1

(10) BEGINNING BALANCE 09/01	(20) CURRENT YEAR'S TOTAL LEVY	(31) MAINTENANCE COLLECTIONS	(32) DEBT SERVICE COLLECTIONS	(40) ENTIRE YEAR'S ADJUSTMENTS	(50) ENDING BALANCE 08/31
\$ 17 525	\$ -	\$ 19 125	\$ 62	\$ (4 098)	\$ (5 760)
2 520	-	139	72	-	2 309
3 188	-	683	98	-	2 407
4 848	-	1 026	310	(323)	3 189
7 669	-	924	305	(274)	6 166
9 799	-	1 155	300	(147)	8 197
17 442	-	2 786	680	(329)	13 647
23 607	-	3 711	947	(347)	18 602
53 416	-	2 101	4 869	10 508	56 954
<u>-</u>	<u>1 897 375</u>	<u>1 396 902</u>	<u>417 630</u>	<u>(13 249)</u>	<u>69 594</u>
<u>\$ 140 014</u>	<u>\$ 1 897 375</u>	<u>\$ 1 428 552</u>	<u>\$ 425 273</u>	<u>\$ (8 259)</u>	<u>\$ 175 305</u>

WEST SABINE INDEPENDENT SCHOOL DISTRICT
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended August 31, 2020

EXHIBIT J-2

DATA CONTROL CODES	1	2	3	4
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues:				
5700	\$ 70 886	\$ 70 886	\$ 51 481	\$ (19 405)
5800	2 000	2 000	1 844	(156)
5900	315 462	315 462	308 318	(7 144)
5020	<u>388 348</u>	<u>388 348</u>	<u>361 643</u>	<u>(26 705)</u>
Expenditures:				
0035	380 348	380 598	388 670	(8 072)
0051	8 000	8 000	5 856	2 144
6030	<u>388 348</u>	<u>388 598</u>	<u>394 526</u>	<u>(5 928)</u>
1200	-	(250)	(32 883)	(32 633)
0100	<u>69 429</u>	<u>69 429</u>	<u>69 429</u>	-
3000	<u>\$ 69 429</u>	<u>\$ 69 179</u>	<u>\$ 36 546</u>	<u>\$ (32 633)</u>

See independent auditors' report.

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

Board of Trustees
West Sabine Independent School District
Pineland, Texas

Members of the Board of Trustees:

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 West Sabine Independent School District as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated January 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Sabine 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 West Sabine Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Sabine Independent School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
January 21, 2021

WEST SABINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2020

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiencies identified that are
not considered to be material weaknesses?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

B. Financial Statement Findings

NONE

WEST SABINE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2020

None

WEST SABINE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
For the Year Ended August 31, 2020

None

WEST SABINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED
SCHOOL FIRST INDICATORS
As of August 31, 2020

Exhibit L-1

DATA CONTROL CODES		RESPONSES
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 debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal 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 Administration Code and other statutes, laws, rules that were in effect at the school district 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.	\$ N/A