

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

ETOILE INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for
the Year Ended August 31, 2020

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**ETOILE INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

<u>Etoile Independent School District</u>	<u>Nacogdoches</u>	<u>174-910</u>
Name of School District	County	County-District 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 school trustees of such school district on the 20th day of October, 2020.



Signature of Board Secretary



Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):
(attach list as necessary)

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FINANCIAL SECTION



Certified Public Accountants

Goff & Herrington, P. C.

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A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA

Independent Auditor's Report

Members of the Board of Trustees of
Etoile Independent School District
Etoile, 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 Etoile Independent School District (District) as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report

Members of the Board of Trustees

October 10, 2020

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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 Etoile Independent School 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 on pages 5 through 11, budgetary comparison information on page 46, and the Teacher's Retirement System pension and OPEB schedules on pages 47-55, 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, which 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 the 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 taken as a whole. The combining schedules and required TEA schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Independent Auditor's Report

Members of the Board of Trustees

October 10, 2020

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The combining schedules and required TEA schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

Lufkin, Texas

October 10, 2020

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ETOILE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- ▶ The District's total combined net position was \$309,189 as of August 31, 2020.
- ▶ During the year ended August 31, 2020, the District's combined net position decreased by \$458,928. The District generated \$2,094,772 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$2,553,700.
- ▶ The general fund reported a fund balance this year of \$708,139.
- ▶ The general fund unassigned fund balance is \$708,139.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This annual financial 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: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

Government-wide Financial Statements

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position**. This is the District wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non financial factors such as changes to the District's tax base.

ETOILE INDEPENDENT SCHOOL DISTRICT

The second government-wide financial statement is the **Statement of Activities**, which reports how the District's net position changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. property taxes, state aid, and federal grants finance most of these activities.

Fund Financial Statements

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

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

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

The District has two 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 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 on the subsequent page, that explains the relationship (or differences) between them.

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

ETOILE INDEPENDENT SCHOOL DISTRICT

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$309,189 as of August 31, 2020. The following table provides a summary of the District's net position.

The District's Net Position

	Governmental Activities		
	2020	2019	% Change
Current and Other Assets	1,373,716	1,266,717	8.4%
Capital and Non-Current Assets	2,633,413	2,696,167	(2.3)%
Total Assets	4,007,129	3,962,884	1.1%
Deferred outflows related to TRS	398,488	408,890	(2.5)%
Total Deferred Outflows of Resources	398,488	408,890	(2.5)%
Other Liabilities	574,959	78,514	632.3%
Long Term Liabilities	3,195,831	3,307,893	(3.4)%
Total Liabilities	3,770,790	3,386,407	11.4%
Deferred inflows related to TRS	325,638	217,250	49.9%
Total Deferred Inflows of Resources	325,638	217,250	49.9%
Net Position:			
Net investment in capital assets	490,545	477,862	2.7%
Restricted	56,532	11,327	399.1%
Unrestricted	(237,888)	278,928	(185.3)%
Total Net Position	309,189	768,117	(59.7)%

The District's restricted net position of \$56,532 consists of \$9,685 restricted for food service and \$46,847 restricted for debt service.

Changes in Net Position. The District's total revenues were \$2,094,772. A significant portion, 29.03 percent, of the District's revenue comes from state aid-formula grants. Property taxes represent 39.69 percent of the District's revenue. The rest of the District's revenue comes from federal and state operating grants, charges for services, investment earnings, and other local sources.

The total cost of all programs and services was \$2,553,700; 71.32 percent of these costs are for instructional and student services.

ETOILE INDEPENDENT SCHOOL DISTRICT

Governmental Activities

The following table provides a summary of the District’s changes in net position.

Changes in the District’s Net Position

	Governmental Activities		% Change
	2020	2019	
Revenues:			
Program Revenues:			
Charges for services	7,273	10,020	(27.42)%
Operating grants	348,362	247,808	40.58%
General Revenues:			
Property taxes	831,427	732,362	13.53%
State aid - formula	608,092	675,054	(9.92)%
Investment earnings	7,450	13,342	(44.16)%
Other general revenues	292,168	366,982	(20.39)%
Total revenues	2,094,772	2,045,568	2.41%
Expenses:			
Instructional and instructional related	1,359,018	1,174,522	15.71%
Instructional and school leadership	133,557	123,711	7.96%
Counseling, health, transportation, and extracurricular	240,456	234,937	2.35%
Food services	151,459	150,504	0.63%
General administration	153,409	139,272	10.15%
Plant maintenance and security	230,576	210,482	9.55%
Data processing services	118,947	75,166	58.25%
Debt services	79,314	128,730	(38.39)%
Payments to fiscal agent/member districts	70,452	75,374	(6.53)%
Other governmental charges	16,512	15,197	8.65%
Total expenses	2,553,700	2,327,895	9.70%
Increase (Decrease) in Net Position	(458,928)	(282,327)	62.55%
Beginning Net Position	768,117	1,050,444	(26.88)%
Ending Net Position	<u>309,189</u>	<u>768,117</u>	<u>(59.75)%</u>

ETOILE INDEPENDENT SCHOOL DISTRICT

The District’s 2020 maintenance property tax rate of \$1.0683, decreased 8.69 percent from the prior year. Maintenance and operations revenue increased 4.98 percent, due to increased property valuations. The District’s 2020 interest and sinking property tax rate of \$0.2250, increased 60.71 percent from last year’s rate due to the prior year debt refunding. Interest and sinking tax revenues increased 83.97% due to the increased rate and increased property valuations.

The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$2,553,700.
- ▶ The amount that our taxpayers paid for these activities through property taxes was \$831,427.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$7,273), or
- ▶ By operating grants (\$348,362).

The following table presents the cost of each of the District’s largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

	Net Cost of Selected District Functions					
	Total cost of services		%	Net cost of services		%
	2020	2019	Change	2020	2019	Change
Instruction	1,286,280	1,109,113	16.0%	1,081,073	988,644	9.3%
General administration	153,409	139,272	10.2%	153,409	139,272	10.2%
Student transportation	157,824	165,559	(4.7)%	157,824	165,559	(4.7)%
School leadership	133,557	123,711	8.0%	117,810	123,711	(4.8)%
Maintenance & operations	221,664	202,514	9.5%	207,714	202,514	2.6%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$2,044,368, an increase of 2.18 percent compared to prior year. The increase is primarily a result of increased local and intermediate sources and federal program revenues.

The District’s governmental funds ended the year with a reported combined fund balance of \$764,671, which is \$393,013 less than last year’s ending balance of \$1,157,684, primarily due to increased instructional and related expenses.

ETOILE INDEPENDENT SCHOOL DISTRICT

General Fund Budgetary Highlights

Over the course of the year the District revised its budget as actual results were analyzed. Actual expenditures were \$265,063 below the final budget amounts. The most significant variance was in the instructional function, as costs were less than expected. Revenues were \$82,006 below the final budgeted amount as local tax revenues and state and federal program revenues were less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had invested \$5,586,214, less depreciation of \$2,952,801, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, and school buses. The following table provides a summary of the District's capital assets.

District's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>% Change</u>
	<u>2020</u>	<u>2019</u>	
Land	24,509	24,509	0.0%
Buildings & improvements	2,336,282	2,443,426	(4.4)%
Furniture and equipment	272,622	228,232	19.5%
Net capital assets	<u>2,633,413</u>	<u>2,696,167</u>	<u>(2.3)%</u>

Capital expenditures during the year ended August 31, 2020 included purchasing a new server and data storage, a large air conditioning unit for the gymnasium, and a new bus. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long-term Debt

The following table provides a summary of the District's Long-term debt.

District's Long-term Debt

	<u>Governmental Activities</u>		<u>% Change</u>
	<u>2020</u>	<u>2019</u>	
School refunding bonds	2,045,000	2,115,000	(3.3)%
Total debt payable	<u>2,045,000</u>	<u>2,115,000</u>	<u>(3.3)%</u>

The District's bond presently carries a favorable rating of AAA with Standard and Poors. More detailed information about the District's debt is presented in the notes to the financial statements.

ETOILE INDEPENDENT SCHOOL DISTRICT

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- ▶ Appraised values used for the 2021 budget preparation will be \$66,912,375 which is a 4.10% increase from 2020, and the maintenance and operations tax rate will decrease slightly to \$1.0547.
- ▶ The District's average daily attendance is expected to be approximately 90, which is the same as 2020.

These indicators were taken into account when adopting the general fund budget for 2021. Amounts available for expenditure in the general fund budget are \$1,674,001, an increase of 3.47 percent from the final 2020 final budget of \$1,617,797. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to decrease 21.03 percent to \$1,695,538. The District has added no major new programs or initiatives to the 2021 budget. If these estimates are realized, the District's budgetary general fund balance is expected to decrease by the end of fiscal year 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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Government-Wide Financial Statements

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

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	1,257,353
1220	Property taxes receivable - delinquent	111,982
1230	Allowance for uncollectible taxes (credit)	(67,189)
1240	Due from other governments	71,570
	Capital Assets:	
1510	Land	24,509
1520	Buildings, net	2,336,282
1530	Furniture and equipment, net	272,622
1000	Total assets	<u>4,007,129</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred charge on refunding	34,292
1705	Deferred outflow related to TRS Pension	227,941
1706	Deferred outflow related to TRS OPEB	136,255
1700	Total deferred outflows of resources	<u>398,488</u>
	LIABILITIES	
2140	Interest payable	10,707
2160	Accrued wages payable	53,042
2300	Unearned revenue	511,210
	Long Term Liabilities:	
2501	Due within one year	75,000
2502	Due after one year	2,102,160
2540	Net pension liability	426,633
2545	Net OPEB liability	592,038
2000	Total liabilities	<u>3,770,790</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to TRS Pension	69,514
2606	Deferred inflow related to TRS OPEB	256,124
2600	Total deferred inflows of resources	<u>325,638</u>
	NET POSITION	
3200	Net investment in capital assets	490,545
3820	Restricted for Federal and State programs	9,685
3850	Restricted for debt service	46,847
3900	Unrestricted net position	(237,888)
3000	Total net position	<u><u>309,189</u></u>

The accompanying notes are an integral part of this statement

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
11 Instruction	1,286,280	-	205,207
12 Instructional resources and media services	46,013	-	3,161
13 Curriculum and staff development	26,725	-	20,893
23 School leadership	133,557	-	15,747
33 Health services	60,163	-	9,280
34 Student transportation	157,824	-	-
35 Food service	151,459	7,273	77,333
36 Cocurricular/extracurricular activities	22,469	-	-
41 General administration	153,409	-	-
51 Plant maintenance and operations	221,664	-	13,950
52 Security and monitoring services	8,912	-	-
53 Data processing services	118,947	-	2,791
72 Interest on long-term debt	78,914	-	-
73 Bond issuance costs and fees	400	-	-
93 Payments related to shared services arrangements	70,452	-	-
99 Other intergovernmental charges	16,512	-	-
TP Total primary government	2,553,700	7,273	348,362

Data Control Codes	General revenues:
MT	Taxes:
DT	Property taxes, levied for general purposes
SF	Property taxes, levied for debt service
GC	State aid formula grants
IE	Grants and contributions, not restricted to specific programs
MI	Investment earnings
TR	Miscellaneous
CN	Total general revenues
NB	Change in net position
NE	Net position, beginning
	Net position, ending

The accompanying notes are an integral part of this statement

Program Revenues	Net (Expense) Revenue and Changes in Net Position
5	Governmental Activities
Capital Grants and Contributions	
-	(1,081,073)
-	(42,852)
-	(5,832)
-	(117,810)
-	(50,883)
-	(157,824)
-	(66,853)
-	(22,469)
-	(153,409)
-	(207,714)
-	(8,912)
-	(116,156)
-	(78,914)
-	(400)
-	(70,452)
-	(16,512)
-	(2,198,065)

685,638
145,789
608,092
218,518
7,450
73,650
<u>1,739,137</u>
<u>(458,928)</u>
<u>768,117</u>
<u><u>309,189</u></u>

The accompanying notes are an integral part of this statement

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Governmental Fund Financial Statements

**ETOILE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020**

Data Control Codes	10	Other	98
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
1110 Cash and cash equivalents	1,199,527	57,826	1,257,353
1220 Property taxes receivable - delinquent	97,743	14,239	111,982
1230 Allowance for uncollectible taxes (credit)	(58,646)	(8,543)	(67,189)
1240 Due from other governments	-	71,570	71,570
1260 Due from other funds	71,570	-	71,570
1000 Total Assets	<u>1,310,194</u>	<u>135,092</u>	<u>1,445,286</u>
LIABILITIES			
2160 Accrued wages payable	53,042	-	53,042
2170 Due to other funds	-	71,570	71,570
2300 Unearned revenue	509,916	1,294	511,210
2000 Total Liabilities	<u>562,958</u>	<u>72,864</u>	<u>635,822</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable revenue - property taxes	39,097	5,696	44,793
2600 Total Inflows of Resources	<u>39,097</u>	<u>5,696</u>	<u>44,793</u>
FUND BALANCES			
Restricted fund balance:			
3450 Federal or State grants	-	9,685	9,685
3480 Retirement of long-term debt	-	46,847	46,847
3600 Unassigned fund balance	708,139	-	708,139
3000 Total Fund Balances	<u>708,139</u>	<u>56,532</u>	<u>764,671</u>
4000 Total Liabilities, Deferred Inflows and Fund Balances	<u>1,310,194</u>	<u>135,092</u>	<u>1,445,286</u>

The accompanying notes are an integral part of this statement

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

Total fund balances - governmental funds	764,671
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$5,412,133 and the accumulated depreciation was \$2,715,966. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the governmental funds. The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	477,862
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	248,017
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$426,633, a deferred resource inflow related to TRS in the amount of \$69,514, and a deferred resource outflow related to TRS in the amount of \$227,941. This amounted to a decrease in net position in the amount of \$268,206.	(268,206)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$592,038, a deferred resource inflow related to TRS in the amount of \$256,124, and a deferred resource outflow related to TRS in the amount of \$136,255. This amounted to a decrease in net position in the amount of \$711,907.	(711,907)
5 The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(236,835)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	<u>35,587</u>
Net Position of governmental activities	<u><u>309,189</u></u>

The accompanying notes are an integral part of this statement

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

Data Control Codes		General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
5700	Total local and intermediate sources	762,938	151,794	914,732
5800	State program revenues	699,877	35,614	735,491
5900	Federal program revenues	72,976	321,169	394,145
5020	Total revenues	<u>1,535,791</u>	<u>508,577</u>	<u>2,044,368</u>
EXPENDITURES				
0011	Instruction	883,187	206,609	1,089,796
0012	Instructional resources and media services	42,852	3,161	46,013
0013	Curriculum and staff development	5,832	20,893	26,725
0023	School leadership	107,898	15,747	123,645
0033	Health services	48,189	9,280	57,469
0034	Student transportation	204,561	-	204,561
0035	Food service	-	129,691	129,691
0036	Cocurricular/extracurricular activities	9,656	-	9,656
0041	General administration	140,298	-	140,298
0051	Plant maintenance and operations	224,984	13,950	238,934
0052	Security and monitoring services	3,763	-	3,763
0053	Data processing services	108,764	2,791	111,555
0071	Principal on long-term debt	-	70,000	70,000
0072	Interest on long-term debt	-	82,850	82,850
0073	Bond issuance costs and fees	-	400	400
0081	Facilities acquisition and construction	15,061	-	15,061
0093	Payments related to shared services	70,452	-	70,452
0099	Other governmental charges	16,512	-	16,512
6030	Total expenditures	<u>1,882,009</u>	<u>555,372</u>	<u>2,437,381</u>
1100	Excess (deficiency) of revenues over expenditures	(346,218)	(46,795)	(393,013)
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	92,000	92,000
8911	Transfers out	(92,000)	-	(92,000)
7080	Total other financing sources and uses	<u>(92,000)</u>	<u>92,000</u>	<u>-</u>
1200	Net change in fund balances	(438,218)	45,205	(393,013)
0100	Fund balance - September 1 (beginning)	<u>1,146,357</u>	<u>11,327</u>	<u>1,157,684</u>
3000	Fund balance - August 31 (ending)	<u><u>708,139</u></u>	<u><u>56,532</u></u>	<u><u>764,671</u></u>

The accompanying notes are an integral part of this statement

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

Net change in fund balances - governmental funds	(393,013)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.	248,017
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(236,835)
Current year changes in amounts related to GASB 68 increased revenues in the amount of \$33,817, but also increased expenditures in the amount of \$101,410. The net effect on the change in the ending net position was a decrease in the amount of \$67,593.	(67,593)
Current year changes in amounts related to GASB 75 increased revenues in the amount of \$11,519, but also increased expenditures in the amount of \$26,091. The net effect on the change in the ending net position was a decrease in the amount of \$14,572.	(14,572)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	<u>5,068</u>
Change in net position of governmental activities	<u><u>(458,928)</u></u>

The accompanying notes are an integral part of this statement

Fiduciary Fund Financial Statements

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>5,883</u>
Total Assets	<u><u>5,883</u></u>
LIABILITIES	
Due to student groups	<u>5,883</u>
Total Liabilities	<u><u>5,883</u></u>

The accompanying notes are an integral part of this statement

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**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Etoile Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

Because the Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) in its statement No. 14, "The Financial Reporting Entity," including subsequent revisions. There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements present Governmental Activities which include programs supported by ad valorem taxes, state aid formula grants, and federal grants.

The statement of activities reports the expenses of the District's functions offset by program revenues directly connected with the function. A function is a general operational area in the District that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report fees and other charges to users of the District's services such as tuition paid by students not residing in the District and school lunch charges; and (2) operating grants and contributions which finance annual operating activities of the District such as the Elementary and Secondary Education Act. Taxes, state aid formula grants and, other revenue sources not properly included with program revenues are reported as general revenues.

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide statement of net position.

Fund Financial Statements

Fund financial statements provide reports on the financial condition and results of operations for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non major funds. Interfund activity between governmental funds appear as due to/from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured bond principal and interest on long-term debt, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, state aid formula grants, and investment income. In general, other revenues are recognized when cash is received.

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

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

The District does not allocate general administration or support services expenses to other functions. Depreciation expense for buildings that house District staff serving different functions is included in the direct expenses of the appropriate functions.

D. FUND TYPES AND MAJOR FUNDS

The District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. District accounts are organized into funds as described below:

Major Governmental Funds:

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

Non Major Governmental Funds:

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

Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt.

Other Fund Types:

Agency Fund - The District accounts for resources held for others in a custodial capacity in the agency fund. The District's agency funds are used to account for activities of student groups and other organizational activities requiring clearing accounts.

E. OTHER ACCOUNTING POLICIES

Capital Assets and Depreciation - The District's property, plant, and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$5,000 or more as purchases or construction occurs. The cost of

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight line method. The District has elected to report any major infrastructure assets retroactively. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded. Estimated useful lives, in years, for capital assets are as follows:

Buildings	15-30
Improvements (including infrastructure)	15-30
Transportation equipment	5-10
Furniture, fixtures, and equipment	5-10

The governmental fund financial statements recognize capital outlays as an expense of the current period. Proceeds from the sale of capital assets are reported as miscellaneous revenues when received.

Long-Term Debt - In the government-wide financial statements, any outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period and principal and interest payments are recognized as an expense of the current period.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position 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 that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Net Position and Fund Balance - Net position in the statement of net position includes components that are restricted for the use in a federal or state program, to pay debt service on capital related debt, or for use in food service operations.

Unassigned fund balance in the governmental funds financial statements represents that portion of fund balance that is available for budgeting in future periods. Restricted fund balance is that portion of fund balance which is not available for appropriation or which has been legally separated for specific purposes. As of August 31, 2020, the Special Revenue Fund restricts \$9,685 for food service. The Debt Service Fund restricts \$46,847 for retirement of debt.

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Compensated Absences - The District does not pay any employees accrued sick leave or vacation time upon termination or retirement. Therefore, no liability for accrued sick leave or vacation time is recorded in the government-wide or governmental fund financial statements.

Data Control Codes - These codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

Fund Balance Policy - The District reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications-committed, assigned, and unassigned.

The District's restricted fund balances represent amounts for retirement of long term debt and operation of the food service program.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the entity incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

Pensions - The fiduciary net position of the Teachers 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 the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) - The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources 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

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

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.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. BUDGETARY DATA

The Board of Trustees adopts an appropriated budget consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedule.

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meeting. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. During the fiscal year ended August 31, 2020, the District made significant amendments to the health services and plant maintenance and operations functions, which increased the overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are as adopted or amended by the Board. All budget appropriations lapse at year end.

DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments. The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

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

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. The policy addresses the following risks:

Deposits

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited under the terms of a contract, contents of which are set out in Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. The District's cash deposits at August 31, 2020 and during the year 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.

The District is not exposed to custodial credit risk for its deposits as all are covered by depository insurance or by pledged collateral as follows:

1. Depository: U Bank, Huntington, Texas
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$1,274,479.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$1,392,446 and occurred during the month of March 2020.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Investments

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk at August 31, 2020.

Custodial Credit Risk - 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 name of the District. The District was not exposed to custodial credit risk at August 31, 2020.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at August 31, 2020.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The District was not exposed to concentration of credit risk at August 31, 2020.

Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District was not exposed to foreign currency risk at August 31, 2020.

Included in cash and cash equivalents are deposits with the Texas Local Government Investment Pool (TexPool) in the amount of \$229,040 as of August 31, 2020.

The TexPool investment pool used by the District is organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pool is a public funds investment pool created to provide a safe environment for the placement of the District's funds in authorized short-term investments.

The investment in the Pool is based on contractual agreements and not the individual security itself, therefore, the District's investment in the Pool is not categorized as to credit risk. The District has entered into a participation agreement, whereby the Pool invests in certain eligible investments. Authorized investments include obligations of the United States, or its agencies and instrumentalities with a maximum maturity of 13 months; fully collateralized repurchase agreements not to exceed 90 days; no load money market funds regulated by the SEC and rated AAA or equivalent; and other investments authorized by statutes governing public funds investment pools. The short term federal government money market accounts invest in U.S. Treasury Securities and other U. S. agencies and instrumentalities and repurchase agreements.

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

The Pool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in the pool is the same as the value of the shares in the pool. The purpose of the Pool is to allow for the pooling of public funds to provide a higher yield on the pooled investments than would be possible with the investment of the individual public entity's funds. The investment in the Pool and any accrued interest may be redeemed at the District's discretion.

Financial reports issued by TexPool may be obtained by contacting TexPool Participant Services, c/o Federated Investors, Inc., 1001 Texas Avenue, Suite 1400, Houston, Texas 77002. TexPool is not registered with the SEC; however, the Texas Comptroller of Public Accounts maintains oversight of TexPool.

B. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNEARNED REVENUE

Property Tax Receivables, Unavailable Revenue, and Property Tax Calendar

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. In the governmental fund financial statements, property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes receivable not paid within 60 days of year end, are recorded as unavailable revenue, net of an estimated allowance for uncollectible taxes. Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

In the government-wide financial statements, property taxes receivable, net of an allowance for uncollectible taxes, and related revenue include all amounts due the District regardless of when the cash is received.

Due To/From Other Governments and Unearned Revenue

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. These amounts are reported on the governmental fund financial statements as Due to Other Governments.

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

Amounts due from federal and state governments as of August 31, 2020 are summarized as follows:

Fund	State Entitlements	Federal Grants	State Grants	Total
Special Revenue Funds	4,204	67,366	-	71,570

Unearned revenues from federal, state, and other governments as of August 31, 2020 are summarized as follows:

Fund	State Entitlements	Federal Grants	Others	Total
General Fund	509,916	-	-	509,916
Debt Service Fund	1,294	-	-	1,294
	511,210	-	-	511,210

Deferred inflows of resources at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Unavailable Revenue - Property Taxes	39,097	5,696	44,793

C. INTERFUND BALANCES AND TRANSFERS

Interfund due to/from balances at August 31, 2020 consisted of the following amounts:

Due from Governmental Funds to the General Fund:

Federal funds	67,366
State textbook fund	4,204
	<u>71,570</u>

Interfund transfers for the year ended August 31, 2020 consisted of the following amounts:

Transfer to Governmental Funds from General Fund:

Debt service fund	43,000
Food service fund	49,000
	<u>92,000</u>

Transfers are used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general

**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**

fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. DISAGGREGATION OF RECEIVABLES

The District disaggregates significant components of receivables in the financial statements. The only receivable not expected to be collected within one year is \$67,189 of delinquent property taxes owed to the District.

E. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	24,509	-	-	24,509
Buildings and improvements	4,771,960	57,032	-	4,828,992
Furniture and equipment	615,664	117,049	-	732,713
Totals at cost	<u>5,412,133</u>	<u>174,081</u>	<u>-</u>	<u>5,586,214</u>
Less accumulated depreciation:				
Buildings and improvements	2,328,534	164,176	-	2,492,710
Furniture and equipment	387,432	72,659	-	460,091
Total accumulated depreciation	<u>2,715,966</u>	<u>236,835</u>	<u>-</u>	<u>2,952,801</u>
Governmental activities capital assets, net	<u>2,696,167</u>	<u>(62,754)</u>	<u>-</u>	<u>2,633,413</u>

Depreciation was charged to governmental functions as follows:

Instruction	118,273
Student Transportation	49,867
Food Services	13,129
Cocurricular/Extracurricular Activities	12,814
General Administration	1,075
Plant Maintenance	34,520
Security and Monitoring	5,149
Data Processing	2,008
Total depreciation expense	<u>236,835</u>

**ETOILE INDEPENDENT SCHOOL DISTRICT
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F. LONG-TERM DEBT

In prior years, the District, as authorized by Texas Education Code Section 45.001 and 45.003, issued Unlimited Tax Refunding Bonds, Series 2018, in the amount of \$2,145,000. Interest rates range from 3.00% to 4.00%, and the bonds final maturity is February 15, 2038.

Long term liability activity for the year ended August 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Governmental Activities:					
Series 2018 School Building	2,115,000	-	70,000	2,045,000	75,000
Unamortized bond premium	139,502	-	7,342	132,160	-
Total long term debt	<u>2,254,502</u>	<u>-</u>	<u>77,342</u>	<u>2,177,160</u>	<u>75,000</u>

The 2018 advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$38,102. This amount is recorded as a deferred outflow of resources on the government wide statement of net position, and is being amortized over 30 years, the life of the bonds. Issuance costs associated with the bond issue was recorded as an expense in the period of issue.

The sale of the Series 2018 bond issue resulted in a premium received, which is being amortized over 30 years, the life of the bonds.

Annual debt service requirements to maturity for the District's long term debt are as follows:

Year ending August 31,	Principal	Interest	Total
2021	75,000	80,300	155,300
2022	75,000	77,300	152,300
2023	80,000	74,200	154,200
2024	85,000	70,900	155,900
2025	90,000	67,400	157,400
2026-2030	515,000	277,900	792,900
2031-2035	650,000	162,800	812,800
2036-2038	475,000	29,100	504,100
Subsequent	-	-	-
Totals	<u>2,045,000</u>	<u>839,900</u>	<u>2,884,900</u>

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G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2020, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	669,469	-	143,810	813,279
Food Sales	-	7,273	-	7,273
Investment Income	7,391	7	52	7,450
Penalties, interest, and other tax related	12,428	-	652	13,080
Other	73,650	-	-	73,650
Total	762,938	7,280	144,514	914,732

H. PENSION PLAN AND RETIREE HEALTH PLAN

Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/TRS%20Documents/cafr2019>, selecting *About TRS the Publications* then *Financial Reports*, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698..

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The

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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 above.

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

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2020 through 2025.

	2020	2019
Member	7.70%	7.70%
Non-Employer Contribution Rate (State)	7.50%	6.80%
Employers	7.50%	6.80%
District's 2020 Employer Contributions	\$ 30,707	
District's 2020 Member Contributions	\$ 96,636	
District's 2020 NECE On-Behalf Contributions	\$ 55,633	

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Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, 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 including public schools are required to pay the employer contribution rate in the following instances:

On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

During a new member's first 90 days of employment.

When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

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

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	2.63%*
Inflation	2.30%
Salary Increases	3.05% to 9.05%, including inflation
Last Year Ending 8/31 in Projection Period	2116 (100 years)
Ad hoc Post Employment Benefit Changes	None

** - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

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

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce

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

Asset Class	Target Allocation*	New Target Allocation**	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
U.S.	18%	18%	6.4%
Non-U.S. Developed	13%	13%	6.3%
Emerging Markets	9%	9%	7.3%
Directional Hedge Funds	4%	0%	0%
Private Equity	13%	14%	8.4%
Stable Value			
U.S. Treasuries****	11%	16%	3.1%
Absolute Return	0%	0%	0%
Stable Value Hedge Funds	4%	5%	4.5%
Real Return			
Global Inflation Linked Bonds****	3%	0%	0%
Real Assets	14%	15%	7.3%
Energy and Natural Resources	5%	6%	0%
Commodities	0%	0%	0%
Risk Parity			
Risk Parity	5%	8%	5.8%/6.5%*****
Leverage			
Cash	1%	2%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
Total	100%	100%	7.23%

* Target allocations are based on the Strategic Asset Allocation as of FY2019

** New allocations are based on the Strategic Allocation to be implemented FY2020

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

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

***** 5.8%(6.5%) return expectations corresponds to Risk Parity with 10% (12%) target volatility

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$655,797	\$426,633	\$240,966

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2020, the District reported a liability of \$426,633 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	\$426,633
State's proportionate share that is associated with the District	826,283
Total	\$1,252,916

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

At August 31, 2019 the employer's proportion of the collective net pension liability was .0008207%, which was an increase of 1.93% from its proportion measured as of August 31, 2018.

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

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

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•The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$129,797 and revenue of \$55,633 for support provided by the State in the Government-wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$1,792	\$14,813
Changes in actuarial assumptions	132,363	54,698
Difference between projected and actual investment earnings	4,284	-
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	58,795	3
Contributions paid to TRS subsequent to the measurement date	30,707	-
Total	\$227,941	\$69,514

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

Year Ended August 31:	Pension Expense Amount
2021	\$66,301
2022	30,232
2023	30,433
2024	26,119
2025	8,931
Thereafter	(3,589)

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I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Other Post -Employment Benefit Plan (OPEB)

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

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

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

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

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

TRS-Care Plan Premium Rates
Effective January 1, 2019 - December 31, 2019

	Medicare	Non-Medicare
Retiree (or surviving spouse)	\$135	\$200
Retiree and spouse	\$529	\$689
Retiree or surviving spouse and children	\$468	\$408
Retiree and family	\$1,020	\$999

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .75 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	2020	2019
Member	0.65%	0.65%
Non-Employer Contribution Rate (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District’s 2020 Employer Contributions	\$ 10,258	
District’s 2020 Member Contributions	\$ 8,157	
District’s 2020 NECE On-Behalf Contributions	\$ 11,805	

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.

In addition to the pension plan and TRS-Care state contributions on behalf of the District, the District is allocated a portion of the Medicare Part D retiree drug subsidy that TRS-Care receives. The amounts allocated on behalf of the District were \$5,279, \$3,839, and \$2,907 for the years ended August 31, 2020, 2019, and 2018, respectively.

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Election Rates	Normal retirement: 65% participation prior to age 65 and 50% after 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expense related to the delivery of health care benefits are included in the age adjusted-claims cost.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc Post Employment Benefit Changes	None

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

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

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

Discount Rate. A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06 percent in the discount rate since the previous year. The Discount Rate can be found in the 2019 TRS CAFR on page 70. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of the OPEB liability:	\$714,779	\$592,038	\$496,016

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease in Health Care Cost Trend Rate	Current Health Care Cost Trend Rate	1% Increase in Health Care Cost Trend Rate
District's proportionate share of the OPEB liability:	\$482,963	\$592,038	\$738,146

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 \$592,038 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

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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 OPEB liability	\$592,038
State's proportionate share that is associated with the District	<u>786,685</u>
Total	<u><u>\$1,378,723</u></u>

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

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was 0.0012519% which is an increase of 2.38 percent from the proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

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

For the year ended August 31, 2020, the District recognized an OPEB expense of \$20,734 and revenue of \$11,805 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$29,044	\$96,881
Changes in actuarial assumptions	32,883	159,243
Difference between projected and actual investment earnings	64	-
Changes in proportion and difference between the employer’s contribution and the proportionate share of contributions	64,006	-
Contributions paid to TRS subsequent to the measurement date	10,258	-
Total	\$136,255	\$256,124

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

Year Ended August 31:	Pension Expense Amount
2021	(\$13,603)
2022	(23,861)
2023	(23,882)
2024	(23,894)
2025	(23,890)
Thereafter	(10,739)

J. HEALTH CARE COVERAGE

During the year ended August 31, 2020, employees of the District were covered by a state wide health care program known as TRS-Active Care, which is administered by the Teacher Retirement System of Texas. The District paid \$225 per month per participating employee to TRS, and participating employees, at their option, authorized payroll withholdings to fund contributions for dependents.

J. CONTINGENCIES

The District participates in numerous state and Federal 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, if any, refunds of any money

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received may be required and the ability to collect any related receivable at August 31, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

K. JOINT VENTURE - SHARED SERVICE ARRANGEMENTS

The District participates in a shared services arrangement for special education programs with area school districts. The District does not account for the 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, Nacogdoches County Coop, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor liabilities that would give rise to future additional benefit or burden to the District. The fiscal manager is responsible for all financial activities of the shared services arrangement. The District support of the shared service arrangement is included in payments related to shared services in these financial statements.

The District participates in a Shared Services Arrangement for federal Title I, Part A and Title II, Part A programs with regional school districts. The District does not account for the revenues or expenditures in this program and does not disclose them in their district financial statements. The District neither had joint ownership interest in fixed assets purchased by the fiscal agent, Region 7 Education Service Center, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor liabilities that would give rise to future additional benefit or burden to the District. The fiscal manager is responsible for all financial activities of the shared services arrangement. The District support of the shared service arrangement is included in payments related to shared services in these financial statements.

L. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. There were no significant reductions in insurance coverage during the past fiscal year, and there were no settlements exceeding commercial insurance coverage in any of the past three fiscal years.

The District provides workers' compensation insurance coverage through participation in the TASB Risk Management Fund Workers' Compensation Program, a public entity risk sharing pool, which is self-sustaining through member premiums. The District's maximum loss exposure is limited to annual premiums paid as a member of the Fund plus their deductible of \$4,091. The Fund reinsures through commercial companies for claims in excess of \$1,500,000.

Required Supplementary Schedules

**ETOILE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	799,448	799,448	762,938	(36,510)
5800	State program revenues	711,349	712,349	699,877	(12,472)
5900	Federal program revenues	106,000	106,000	72,976	(33,024)
5020	Total revenues	<u>1,616,797</u>	<u>1,617,797</u>	<u>1,535,791</u>	<u>(82,006)</u>
EXPENDITURES:					
0011	Instruction	986,665	986,665	883,187	103,478
0012	Instructional resources and media services	47,210	47,210	42,852	4,358
0013	Curriculum and staff development	1,550	5,940	5,832	108
0023	School leadership	121,088	123,678	107,898	15,780
0033	Health services	42,077	59,567	48,189	11,378
0034	Student transportation	232,424	232,424	204,561	27,863
0036	Cocurricular/extracurricular activities	7,674	9,739	9,656	83
0041	General administration	133,006	143,581	140,298	3,283
0051	Plant maintenance and operations	163,800	232,500	224,984	7,516
0052	Security and monitoring services	2,050	4,045	3,763	282
0053	Data processing services	103,303	111,613	108,764	2,849
0081	Capital outlay	101,000	101,000	15,061	85,939
0093	Payments related to shared services arrangements	72,000	72,595	70,452	2,143
099	Other intergovernmental charges	15,500	16,515	16,512	3
6030	Total expenditures	<u>2,029,347</u>	<u>2,147,072</u>	<u>1,882,009</u>	<u>265,063</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(412,550)</u>	<u>(529,275)</u>	<u>(346,218)</u>	<u>183,057</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	-	-	-
8911	Transfers out	(23,300)	(23,300)	(92,000)	(68,700)
7080	Total other financing sources (uses)	<u>(23,300)</u>	<u>(23,300)</u>	<u>(92,000)</u>	<u>(68,700)</u>
1200	Net change in fund balances	(435,850)	(552,575)	(438,218)	114,357
0100	Fund balance - September 1 (beginning)	1,146,357	1,146,357	1,146,357	-
3000	Fund balance - August 31 (ending)	<u>710,507</u>	<u>593,782</u>	<u>708,139</u>	<u>114,357</u>

The accompanying notes are an integral part of this statement

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

	FY 2020 <u>Plan Year 2019</u>	FY 2019 <u>Plan Year 2018</u>
District's Proportion of the Net Pension Liability (Asset)	0.000008207	0.000008051
District's Proportionate share of the Net Pension Liability (Asset)	\$ 426,633	\$ 443,167
State's Proportionate share of the Net Pension Liability (Asset) associated with the District	<u>826,283</u>	<u>859,587</u>
TOTAL	<u>\$ 1,252,916</u>	<u>\$ 1,302,754</u>
District's Covered Payroll	\$ 1,057,369	\$ 993,153
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	40.35%	44.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%

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

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

<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.000007760	0.000007512	0.000007012	0.000003333
\$ 248,135	\$ 274,013	\$ 247,865	\$ 89,029
<u>494,552</u>	<u>653,431</u>	<u>681,050</u>	<u>552,274</u>
<u>\$ 742,687</u>	<u>\$ 927,444</u>	<u>\$ 928,915</u>	<u>\$ 641,303</u>
\$ 929,157	\$ 940,787	\$ 943,001	\$ 885,548
26.71%	29.13%	26.28%	10.05%
82.17%	76.23%	78.43%	83.25%

**ETOILE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020**

	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 30,707	\$ 28,538
Contribution in Relation to Contractually Required Contribution	<u>(30,707)</u>	<u>(28,538)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,255,008	\$ 1,057,369
Contributions as a Percentage of Covered Payroll	2.45%	2.70%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	27,188	\$ 25,433	\$ 21,804	\$ 7,272
	<u>(27,188)</u>	<u>(25,433)</u>	<u>(21,804)</u>	<u>(7,272)</u>
\$	<u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$	993,153	\$ 929,157	\$ 940,787	\$ 943,001
	2.74%	2.74%	2.32%	0.77%

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

District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits

District's Proportionate share of the Net Post Employment Benefit Liability (Asset)

State's Proportionate share of the Net Post Employment Benefit Liability (Asset)
associated with the District

TOTAL

District's Covered Payroll

District's Proportionate Share of the Net Pension Liability (Asset)
as a percentage of its Covered Payroll

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability

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

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.0000125190	0.0000122214	0.0000112310
\$ 592,038	\$ 610,224	\$ 488,393
<u>786,685</u>	<u>826,796</u>	<u>712,324</u>
<u>\$ 1,378,723</u>	<u>\$ 1,437,020</u>	<u>\$ 1,200,717</u>
\$ 1,057,369	\$ 993,153	\$ 929,157
55.99%	61.44%	52.56%
2.66%	1.57%	0.91%

**ETOILE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020**

Contractually Required Contribution

Contribution in Relation to Contractually Required Contribution

Contribution Deficiency (Excess)

District's Covered Payroll

Contributions as a Percentage of Covered Payroll

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

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

<hr/>		
<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 10,258	\$ 8,885	\$ 8,456
<u>(10,258)</u>	<u>(8,885)</u>	<u>(8,456)</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 1,255,008	\$ 1,057,369	\$ 993,153
0.82%	0.84%	0.85%

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**ETOILE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2020**

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

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

The single discount rate was a blended rate of 6.907% as of August 31, 2018 and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.

With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries.

B. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit terms.

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

Changes in Assumptions.

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

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

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Combining Schedules

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

Data Control Codes	Special Revenue Funds			
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	255 ESEA II Training/ Recruiting	
ASSETS				
1110	Cash and cash equivalents	-	9,685	-
1220	Property taxes receivable - delinquent	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-
1240	Due from other governments	-	-	-
1000	Total Assets	-	9,685	-
LIABILITIES				
2170	Due to other funds	-	-	-
2300	Unearned revenues	-	-	-
2000	Total Liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	-	-	-
	Total Inflows of Resources	-	-	-
FUND BALANCES				
	Restricted for:			
3450	Federal or State grants	-	9,685	-
3480	Retirement of long term debt	-	-	-
3000	Total Fund Balances	-	9,685	-
4000	Total Liabilities, Deferred Inflows and Fund Balances	-	9,685	-

Special Revenue Funds				Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
266 ESSER Emergency Relief	289 Other Federal Programs	410 State Textbook Fund	429 Other State Programs		599 Debt Service Fund	
-	-	-	-	9,685	48,141	57,826
-	-	-	-	-	14,239	14,239
-	-	-	-	-	(8,543)	(8,543)
67,366	-	4,204	-	71,570	-	71,570
67,366	-	4,204	-	81,255	53,837	135,092
67,366	-	4,204	-	71,570	-	71,570
-	-	-	-	-	1,294	1,294
67,366	-	4,204	-	71,570	1,294	72,864
-	-	-	-	-	5,696	5,696
-	-	-	-	-	5,696	5,696
-	-	-	-	9,685	-	9,685
-	-	-	-	-	46,847	46,847
-	-	-	-	9,685	46,847	56,532
67,366	-	4,204	-	81,255	53,837	135,092

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

Data Control Codes	Special Revenue Funds			
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	255 ESEA II Training/ Recruiting	
REVENUES				
5700	Total local and intermediate sources	-	7,280	-
5800	State program revenues	-	5,465	-
5900	Federal program revenues	162,500	64,385	9,019
5020	Total Revenues	162,500	77,130	9,019
EXPENDITURES				
0011	Instruction	153,089	-	237
0012	Instructional resources and media services	-	-	-
0013	Curriculum and staff development	9,411	-	8,782
0023	School leadership	-	-	-
0033	Health services	-	-	-
0035	Food service	-	122,208	-
0051	Facilities maintenance and operations	-	-	-
0053	Data processing services	-	-	-
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
0073	Bond issuance costs and fees	-	-	-
6030	Total Expenditures	162,500	122,208	9,019
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(45,078)	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	49,000	-
8911	Transfers out	-	-	-
7080	Total other financing sources and uses	-	49,000	-
1200	Net change in fund balances	-	3,922	-
0100	Fund balances, beginning	-	5,763	-
3000	Fund balances, ending	-	9,685	-

Special Revenue Funds				Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
266 ESSER Emergency Relief	289 Other Federal Programs	410 State Textbook Fund	429 Other State Programs		599 Debt Service Fund	
-	-	-	-	7,280	144,514	151,794
-	-	13,798	7,930	27,193	8,421	35,614
67,366	17,899	-	-	321,169	-	321,169
67,366	17,899	13,798	7,930	355,642	152,935	508,577
22,534	15,199	15,200	350	206,609	-	206,609
3,161	-	-	-	3,161	-	3,161
-	2,700	-	-	20,893	-	20,893
15,747	-	-	-	15,747	-	15,747
9,280	-	-	-	9,280	-	9,280
7,483	-	-	-	129,691	-	129,691
6,370	-	-	7,580	13,950	-	13,950
2,791	-	-	-	2,791	-	2,791
-	-	-	-	-	70,000	70,000
-	-	-	-	-	82,850	82,850
-	-	-	-	-	400	400
67,366	17,899	15,200	7,930	402,122	153,250	555,372
-	-	(1,402)	-	(46,480)	(315)	(46,795)
-	-	-	-	49,000	43,000	92,000
-	-	-	-	-	-	-
-	-	-	-	49,000	43,000	92,000
-	-	(1,402)	-	2,520	42,685	45,205
-	-	1,402	-	7,165	4,162	11,327
-	-	-	-	9,685	46,847	56,532

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Required TEA Schedules

**ETOILE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AUGUST 31, 2020**

Last Ten Years Ended August 31,	1	2	3	10	20	31	32	40	50
	Tax Rates		Assessed or	Beginning	Current			Entire	Ending
	Maint- enance	Debt Service	Appraised Valuation	Balance September 1	Year's Total Levy	Maintenance Collections	Debt Service Collections	Year's Adjustments	Balance August 31
2011 & Prior	Various	Various		22,463		949	117	(138)	21,259
2012	1.1700	0.1400	45,571,527	4,398		174	21	(20)	4,183
2013	1.1700	0.1400	48,876,412	4,122		218	27	(20)	3,857
2014	1.1700	0.1400	43,622,443	4,333		214	27	(20)	4,072
2015	1.1700	0.1400	45,942,732	5,461		613	76	(20)	4,752
2016	1.1700	0.1400	42,256,734	5,819		318	39	(20)	5,442
2017	1.1700	0.1400	68,381,747	7,866		1,153	143	(20)	6,550
2018	1.1700	0.1400	60,044,573	13,009		1,980	245	(826)	9,958
2019	1.1700	0.1400	55,925,725	31,842		9,619	1,189	(1,138)	19,896
2020 (Current)	1.0683	0.2250	64,279,131		831,322	663,426	135,883	-	32,013
1000	Totals			99,313	831,322	678,664	137,767	(2,222)	111,982

**ETOILE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	7,520	7,520	7,280	(240)
5800	State program revenues	520	520	5,465	4,945
5900	Federal program revenues	87,000	87,000	64,385	(22,615)
5020	Total revenues	95,040	95,040	77,130	(17,910)
EXPENDITURES:					
0035	Food service	116,805	130,485	122,208	8,277
6030	Total expenditures	116,805	130,485	122,208	8,277
1100	Excess (deficiency) of revenues over expenditures	(21,765)	(35,445)	(45,078)	(9,633)
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	20,000	20,000	49,000	29,000
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	20,000	20,000	49,000	29,000
1200	Net change in fund balances	(1,765)	(15,445)	3,922	19,367
0100	Fund balance - September 1 (beginning)	5,763	5,763	5,763	-
3000	Fund balance - August 31 (ending)	3,998	(9,682)	9,685	19,367

**ETOILE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	154,019	154,019	144,514	(9,505)
5800	State program revenues	-	-	8,421	8,421
5020	Total revenues	154,019	154,019	152,935	(1,084)
EXPENDITURES:					
0071	Debt service - principal on long-term debt	75,000	70,000	70,000	-
0072	Debt service - interest on long-term debt	80,300	83,000	82,850	150
0073	Debt service - bond issuance costs and fees	-	2,300	400	1,900
6030	Total expenditures	155,300	155,300	153,250	2,050
1100	Excess (deficiency) of revenues over expenditures	(1,281)	(1,281)	(315)	966
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	2,000	1,300	43,000	41,700
8911	Transfers out	-	-	-	-
7080	Total other financing sources (uses)	2,000	1,300	43,000	41,700
1200	Net change in fund balances	719	19	42,685	42,666
0100	Fund balance - September 1 (beginning)	4,162	4,162	4,162	-
3000	Fund balance - August 31 (ending)	4,881	4,181	46,847	42,666

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FEDERAL AWARDS SECTION



Goff & Herrington, P. C.

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Certified Public Accountants

A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA

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

Members of the Board of Trustees of
Etoile Independent School District
Etoile, Texas

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 Etoile Independent School District (District), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 10, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Members of the Board of Trustees

October 10, 2020

Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Goff & Herrington, P.C.
GOFF & HERRINGTON, P.C.
Certified Public Accountants

October 10, 2020

**ETOILE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020**

None

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

There were no prior audit findings reported.

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

None required.

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