

CORSICANA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2020**

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

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CERTIFICATE OF BOARD

Corsicana Independent School District
Name of School District

Navarro
County

175-903
Co.-Dist.Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2020, at a meeting of the Board of Trustees of such school district on the 7th day of December 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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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020 on our consideration of Corsicana Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Corsicana Independent School 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 Corsicana Independent School District's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 3, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Corsicana 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 follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position on financial statement exhibit A-1 was (\$28,033,082) at August 31, 2020.
- During the year, the District's primary government expenses on financial statement exhibit B-1 were \$7,246,681 more than the \$73,637,196 generated in taxes and other revenues for governmental activities.
- Total governmental expenditures for the District, presented on financial statement exhibit C-3 increased \$2,867,252 from last year.
- The general fund reported a fund balance this year on financial statement exhibit C-3 of \$15,373,689. The District began the current year with a fund balance in the amount of \$18,103,454.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide* financial statements that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements provide information about for-profit activities.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how it has changed. Net position is the difference between the District's assets and liabilities and is one way to measure the District's financial health or position.

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.
- *Proprietary funds*-The District's workman's compensation insurance is accounted for in an internal service fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was (\$28,033,082) at August 31, 2020. (See Table A-1).

**TABLE A-1
CORSIANA INDEPENDENT SCHOOL DISTRICT
NET POSITION**

	Governmental Activities		Total
	2020	2019	Percentage Change
Current assets:			
Cash and cash equivalents	\$ 22,882,550	\$ 20,011,273	14.35%
Due from other governments	1,928,281	6,154,764	-68.67%
Inventories	108,750	149,909	-27.46%
Other receivables	<u>1,211,752</u>	<u>1,086,728</u>	11.50%
Total current assets	<u>26,131,333</u>	<u>27,402,674</u>	-70.27%
Noncurrent assets:			
Capital assets	171,936,540	169,966,170	1.16%
Less accumulated depreciation	<u>(83,356,974)</u>	<u>(76,769,128)</u>	8.58%
Total noncurrent assets	<u>88,579,566</u>	<u>93,197,042</u>	-4.95%
Total Assets	<u>114,710,899</u>	<u>120,599,716</u>	-4.88%
Deferred Outflows of Resources	<u>22,670,710</u>	<u>12,414,281</u>	82.62%
Current liabilities:			
Accounts payable and accrued liabilities	4,566,863	3,632,584	25.72%
Deferred revenue	<u>16,465</u>	<u>39,867</u>	-58.70%
Total current liabilities	<u>4,583,328</u>	<u>3,672,451</u>	24.80%
Long-term liabilities:			
Noncurrent liabilities due in one year	3,087,576	2,455,378	25.75%
Noncurrent liabilities due in more than 1 yr	97,125,352	93,253,221	4.15%
Net Pension Liability	20,907,918	20,227,806	3.36%
Net OPEB Liability	<u>24,296,916</u>	<u>23,833,996</u>	1.94%
Total Liabilities	<u>150,001,090</u>	<u>143,442,852</u>	4.57%
Deferred Inflows of Resources	<u>15,413,601</u>	<u>10,357,546</u>	48.82%
Net Position:			
Net invested in capital assets	(3,671,697)	(1,994,632)	84.08%
Restricted	3,459,471	2,997,725	15.40%
Unrestricted	<u>(27,820,856)</u>	<u>(21,789,494)</u>	27.68%
Total Net Position	<u>\$(28,033,082)</u>	<u>\$(20,786,401)</u>	34.86%

The District has \$3,459,471 in restricted net position that represents \$3,448,854 proceeds from debt service and \$10,617 for campus activities. These proceeds, when spent, are restricted for the above purposes. The (\$27,820,856) of unrestricted net position represents a deficit of resources to be available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$73,637,196. A significant portion, 35%, of the District's revenue comes from taxes. (See Table A-2.) 20% comes from operating grants and contributions, and 42% relates to grants and contributions not restricted to specific programs.

The total cost of all programs and services was \$80,883,877; 55% of these costs are for governmental activities associated with instructional and student services.

Governmental Activities

Property tax rates remained the same. Tax revenues increased by \$3,153,450 or approximately 14%.

**TABLE A-2
CORSICANA INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION**

	Governmental Activities	
	2020	2019
REVENUES		
Program revenues:		
Charges for services	\$ 554,444	\$ 617,125
Operating grants and contributions	15,081,496	14,793,342
General revenues:		
Property taxes	26,043,390	22,889,940
State aid - formula	31,040,731	29,298,930
Investment earnings	290,370	614,906
Other	626,765	1,071,423
Total revenues	73,637,196	69,285,666
EXPENSES		
Instruction	44,478,588	39,259,253
Instructional resources and media services	748,578	759,184
Curriculum dev. and instructional staff development	1,105,932	916,437
Instructional leadership	2,982,915	2,766,311
School leadership	3,700,771	3,586,531
Guidance, counseling and evaluation services	2,880,361	2,477,036
Social work services	122,320	113,867
Health services	726,131	735,352
Student (pupil) transportation	2,157,563	2,245,352
Food services	4,349,595	4,800,923
Co-curricular/extra curricular activities	1,790,558	1,762,728
General administration	1,441,486	1,505,718
Plant maintenance and operations	7,041,147	7,103,990
Security and monitoring services	1,462,012	1,349,028
Data processing services	1,639,405	1,136,210
Community services	127,249	25,402
Debt services	3,646,338	3,618,955
Payments to fiscal agent/member dist. - SSA	60,383	62,357
Other	422,545	394,319
Total expenses	80,883,877	74,618,953
CHANGE IN NET POSITION	(7,246,681)	(5,333,287)
NET POSITION, BEGINNING	(20,786,401)	(14,199,557)
PRIOR PERIOD ADJUSTMENT	-	(1,253,557)
NET POSITION, ENDING	\$(28,033,082)	\$(20,786,401)

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

The cost of all governmental activities this year was \$80,883,877. However, the amount that our taxpayers paid for these activities through property taxes was only \$26,043,390. Some of the cost, \$554,444, was paid by those who directly benefited from the programs, or by grants and contributions of \$15,081,496.

**TABLE A-3
NET COST OF SELECTED DISTRICT FUNCTIONS**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$ 44,478,588	\$ 39,259,253	\$(36,730,863)	\$(33,443,300)
Plant maintenance and operations	7,041,147	7,103,990	(6,553,327)	(6,721,005)
Food services	4,349,595	4,800,923	(1,050,906)	(1,109,686)
Debt services	3,646,338	3,618,955	(2,648,218)	(2,259,924)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$71,301,847, while the previous year it was \$67,513,372. The increase in local revenues is a result of changed valuations. The increase in federal revenues is due to the change in federal program revenue distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Actual expenditures were \$210,245 less than final budget amounts in the General Fund.

Additionally, resources available were \$423,462 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had invested \$88,579,566 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of \$3,754,719 or 4% from last year.

**TABLE A-4
DISTRICT'S CAPITAL ASSETS
(in millions of dollars)**

	Governmental Activities		Total Percentage Change
	2020	2019	
Land	\$ 1,517,186	\$ 1,517,186	0.00%
Buildings and improvements	154,434,375	153,237,489	0.78%
Equipment	9,987,249	9,213,765	8.39%
Vehicles	5,997,730	5,997,730	0.00%
Totals at historical cost	171,936,540	169,966,170	1.16%
Total accumulated depreciation	(83,356,974)	(76,769,128)	8.58%
Net capital assets	\$ 88,579,566	\$ 93,197,042	-4.95%

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Liabilities

At year-end the District had \$145.418 million in bonds, pension and OPEB liability, and notes outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Bond Ratings. The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "A3" and Standard & Poors "A".

**TABLE A-5
DISTRICT'S LONG-TERM LIABILITIES**

	Governmental Activities		Total Percentage Change
	2020	2019	
Leases payable	\$ 333,900	\$ 416,674	100.00%
Bonds payable	97,156,616	86,053,761	12.90%
Bond premium	609,543	6,864,986	-91.12%
Notes payable	825,000	950,000	-13.16%
Loan	1,287,869	1,428,930	-9.87%
Net pension liability	20,907,918	20,227,806	3.36%
Net OPEB liability	24,296,916	23,833,996	1.94%
Total bonds & notes payable	\$ 145,417,762	\$ 139,776,153	4.04%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2021 budget preparation is \$2,139,701,899, an increase of 43% from 2020.
- General operating fund spending per student decreased in the 2021 budget from \$9,223 to \$9,186. This is less than a 1% decrease.
- The District's 2021 refined average daily attendance is expected to be 5,654, a decrease of less than 1%.

These indicators were taken into account when adopting the general fund budget for 2021. Amounts available for appropriation in the general fund budget are \$55,704,059, a decrease of less than 1 percent from the final 2020 budget.

If these estimates are realized, the District's budgetary general fund balance is expected to increase by \$1,515,659 by the close of 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corsicana Independent School District's Business Services Department at 2200 W. 4th Ave., Corsicana, Texas 75110 or phone number 903-602-8129.

BASIC FINANCIAL STATEMENTS

CORNICANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2020

<u>Data Control Codes</u>		<u>Governmental Activities</u>
ASSETS		
1110	Cash and cash equivalents	\$ 22,882,550
1225	Property taxes receivables (net)	1,057,055
1240	Due from other governments	1,928,281
1267	Due from fiduciary funds	12,985
1290	Other receivables (net)	51,712
1300	Inventories	108,750
1490	Other current assets	90,000
	Capital assets:	
1510	Land	1,517,186
1520	Buildings and improvements, net	85,597,061
1530	Furniture and equipment, net	<u>1,465,319</u>
1000	Total assets	<u>114,710,899</u>
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred loss on bond refunding	7,203,648
1705	Deferred outflow related to pensions	10,516,731
1706	Deferred outflow related to OPEB	<u>4,950,331</u>
1700	Total deferred outflows of resources	<u>22,670,710</u>
LIABILITIES		
2110	Accounts payable	319,455
2140	Interest payable	98,746
2160	Accrued wages payable	1,924,538
2165	Accrued liabilities	404,901
2180	Due to other governments	1,622,637
2190	Due to student groups	196,586
2300	Unearned revenue	16,465
	Noncurrent liabilities:	
2501	Due within one year	3,087,576
2502	Due in more than one year	97,125,352
2540	Net pension liability	20,907,918
2545	Net OPEB liability	<u>24,296,916</u>
2000	Total liabilities	<u>150,001,090</u>
DEFERRED INFLOWS OF RESOURCES		
2601	Deferred revenue-deferred gain on refunding	1,185,495
2605	Deferred inflow related to pensions	3,565,037
2606	Deferred inflow related to OPEB	<u>10,663,069</u>
2600	Total deferred inflows of resources	<u>15,413,601</u>
NET POSITION		
3200	Net investment in capital assets	(3,671,697)
	Restricted for:	
3850	Debt service	3,448,854
3870	Campus activities	10,617
3900	Unrestricted	<u>(27,820,856)</u>
3000	Total net position (deficit)	<u>\$(28,033,082)</u>

The accompanying notes are an integral part of this financial statement.

CORSICANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Functions/Programs	1 Expenses	Program	Program	Net (Expenses)
			Revenues	Revenues	Revenue and Changes in
			3	4	6
			Charges for Services	Operating Grants and Contributions	in Net Position Primary Gov. Governmental Activities
Primary government:					
Governmental activities:					
11	Instruction	\$ 44,478,588	\$ -	\$ 7,747,725	\$(36,730,863)
12	Instructional resources and media services	748,578	-	70,211	(678,367)
13	Curriculum and staff development	1,105,932	-	480,147	(625,785)
21	Instructional leadership	2,982,915	-	880,356	(2,102,559)
23	School leadership	3,700,771	-	292,951	(3,407,820)
31	Guidance, counseling, and evaluation services	2,880,361	-	536,332	(2,344,029)
32	Social work services	122,320	-	96,873	(25,447)
33	Health services	726,131	-	448,926	(277,205)
34	Student transportation	2,157,563	-	178,736	(1,978,827)
35	Food service	4,349,595	145,944	3,152,745	(1,050,906)
36	Cocurricular/extracurricular activities	1,790,558	250,165	76,427	(1,463,966)
41	General administration	1,441,486	-	60,319	(1,381,167)
51	Facilities maintenance and operations	7,041,147	135,185	352,635	(6,553,327)
52	Security and monitoring services	1,462,012	23,150	273,582	(1,165,280)
53	Data processing services	1,639,405	-	54,944	(1,584,461)
61	Community services	127,249	-	100,687	(26,562)
72	Interest on long-term debt	2,926,118	-	277,900	(2,648,218)
73	Bond issuance costs and fees	720,220	-	-	(720,220)
93	Payments for shared services arrangements	60,383	-	-	(60,383)
99	Other intergovernmental changes	<u>422,545</u>	<u>-</u>	<u>-</u>	<u>(422,545)</u>
	[TP] Total primary government	\$ <u>80,883,877</u>	\$ <u>554,444</u>	\$ <u>15,081,496</u>	\$ <u>(65,247,937)</u>
General revenues:					
MT	Property taxes, levied for general purposes				19,700,147
DT	Property taxes, levied for debt service				6,343,243
	Grants and contributions not restricted				
GC	to specific programs				31,040,731
IE	Investment earnings				290,370
MI	Miscellaneous				<u>626,765</u>
TR	Total general revenues				<u>58,001,256</u>
CN	Change in net position				<u>(7,246,681)</u>
NB	Net position, beginning				<u>(20,786,401)</u>
NE	Net position, ending				\$ <u>(28,033,082)</u>

The accompanying notes are an integral part of this financial statement.

CORSICANA INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		10 General Fund	266 ESSER Grant
	ASSETS		
1110	Cash and cash equivalents	\$ 15,612,979	\$ -
1220	Property taxes receivable	1,218,083	-
1230	Allowance for uncollectible taxes	(402,877)	-
1240	Due from other governments	-	984,339
1260	Due from other funds	2,870,585	-
1290	Other receivables	51,712	-
1300	Inventories	-	-
1490	Other current assets	<u>90,000</u>	-
1000	Total assets	<u>19,440,482</u>	<u>984,339</u>
	LIABILITIES		
2110	Accounts payable	187,195	-
2160	Accrued wages payable	1,750,693	-
2170	Due to other funds	365,664	984,339
2180	Due to other governments	981,295	-
2190	Due to student groups	-	-
2200	Accrued expenditures	36,848	-
2300	Unearned revenues	<u>-</u>	<u>-</u>
2000	Total liabilities	<u>3,321,695</u>	<u>984,339</u>
	DEFERRED INFLOWS OF RESOURCES		
2600	Deferred revenue-property taxes	<u>745,098</u>	-
2600	Total deferred inflows of resources	<u>745,098</u>	-
	FUND BALANCES		
	Nonspendable:		
3410	Inventories	-	-
	Restricted:		
3470	Capital acquisitions & contractual obligations	-	-
3480	Retirement of long-term debt	-	-
3490	Campus activities	-	-
3600	Unassigned	<u>15,373,689</u>	-
3000	Total fund balances	<u>15,373,689</u>	-
4000	Total liabilities, deferred inflows		
4000	and fund balances	<u>\$ 19,440,482</u>	<u>\$ 984,339</u>

The accompanying notes are an integral part of this financial statement.

50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,787,569	\$ 3,288,494	\$ 22,689,042
361,371	-	1,579,454
(119,522)	-	(522,399)
-	943,942	1,928,281
159,524	-	3,030,109
-	-	51,712
-	108,750	108,750
-	-	90,000
<u>4,188,942</u>	<u>4,341,186</u>	<u>28,954,949</u>
-	132,260	319,455
-	173,845	1,924,538
-	1,873,261	3,223,264
641,342	-	1,622,637
-	196,586	196,586
-	15,483	52,331
-	16,465	16,465
<u>641,342</u>	<u>2,407,900</u>	<u>7,355,276</u>
<u>219,219</u>	<u>-</u>	<u>964,317</u>
<u>219,219</u>	<u>-</u>	<u>964,317</u>
-	108,750	108,750
-	1,879,751	1,879,751
3,328,381	-	3,328,381
-	10,617	10,617
-	(65,832)	15,307,857
<u>3,328,381</u>	<u>1,933,286</u>	<u>20,635,356</u>
<u>\$ 4,188,942</u>	<u>\$ 4,341,186</u>	<u>\$ 28,954,949</u>

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CORNICANA INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

AUGUST 31, 2020

Total fund balances - governmental funds	\$ 20,635,356
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	88,579,566
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	964,317
The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	47,078
Long-term liabilities, including bonds and notes payable, are note due and payable in the current period and are not reported in the funds.	(94,194,775)
Payables for bond interest which are not due in the current period are not reported in the funds.	(98,746)
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. The net position related to pensions included a deferred resource outflow in the amount of \$10,516,731 a deferred resource inflow in the amount of \$3,565,037, and a net pension liability in the amount of \$20,907,918. This resulted in a decrease in net position.	(13,956,224)
Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit liability required by GASB 75. The net position related to the TRS included a deferred resource outflow in the amount of \$4,950,331, a deferred resource inflow in the amount of \$10,663,069, and a net OPEB liability in the amount of \$24,296,916. This resulted in a decrease in net position.	(30,009,654)
Net position of governmental activities	<u>\$ (28,033,082)</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		10 General Fund	266 ESSER Grant
REVENUES			
5700	Local and intermediate sources	\$ 21,046,306	\$ -
5800	State program revenues	32,813,722	-
5900	Federal program revenues	<u>451,526</u>	<u>1,235,431</u>
5020	Total revenues	<u>54,311,554</u>	<u>1,235,431</u>
EXPENDITURES			
Current:			
0011	Instruction	32,418,668	1,235,431
0012	Instructional resources and media services	602,915	-
0013	Curriculum and staff development	474,005	-
0021	Instructional leadership	1,668,697	-
0023	School leadership	3,063,921	-
0031	Guidance, counseling and evaluation services	2,018,378	-
0032	Social work services	-	-
0033	Health services	611,071	-
0034	Student transportation	1,834,114	-
0035	Food services	38,426	-
0036	Cocurricular/extracurricular activities	2,191,572	-
0041	General administration	1,236,191	-
0051	Facilities maintenance and operations	6,167,744	-
0052	Security and monitoring services	1,096,736	-
0053	Data processing services	1,446,119	-
0061	Community services	2,394	-
Debt service:			
0071	Principal on long term debt	343,083	-
0072	Interest on long term debt	67,113	-
0073	Bond issuance costs and fees	-	-
0081	Capital outlay	1,277,244	-
0093	Payments to Shared Service Arrangements	60,383	-
0099	Other intergovernmental charges	<u>422,545</u>	<u>-</u>
6030	Total expenditures	<u>57,041,319</u>	<u>1,235,431</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(2,729,765)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
7911	Sale of bonds	-	-
7916	Premium of issuance of bonds	-	-
8940	Payment to bond refunding escrow agent	<u>-</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>
1200	Net change in fund balances	(2,729,765)	-
0100	Fund balance - September 1 (beginning)	<u>18,103,454</u>	<u>-</u>
3000	Fund balance - August 31 (ending)	<u>\$ 15,373,689</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 6,364,196	\$ 1,192,354	\$ 28,602,856
277,900	1,084,561	34,176,183
-	6,835,851	8,522,808
<u>6,642,096</u>	<u>9,112,766</u>	<u>71,301,847</u>
-	3,603,037	37,257,136
-	19,958	622,873
-	464,512	938,517
-	775,723	2,444,420
-	12,817	3,076,738
-	363,146	2,381,524
-	96,873	96,873
-	-	611,071
-	-	1,834,114
-	3,669,938	3,708,364
-	41,871	2,233,443
-	-	1,236,191
-	-	6,167,744
-	145,887	1,242,623
-	-	1,446,119
-	100,380	102,774
3,663,828	-	4,006,911
2,505,871	-	2,572,984
720,220	-	720,220
-	-	1,277,244
-	-	60,383
-	-	422,545
<u>6,889,919</u>	<u>9,294,142</u>	<u>74,460,811</u>
(247,823)	(181,376)	(3,158,964)
71,244,927	-	71,244,927
13,254,597	-	13,254,597
(83,789,746)	-	(83,789,746)
<u>709,778</u>	<u>-</u>	<u>709,778</u>
461,955	(181,376)	(2,449,186)
<u>2,866,426</u>	<u>2,114,662</u>	<u>23,084,542</u>
<u>\$ 3,328,381</u>	<u>\$ 1,933,286</u>	<u>\$ 20,635,356</u>

CORNICANA 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 - total governmental funds	\$(2,449,186)
Amounts reported for governmental activities in the statement of activities are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,617,476)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	119,121
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,860,243
(Increase) decrease in accrued interest from beginning of period to end of period.	83,756
The net revenue (expense) of internal service funds is reported with governmental activities.	64,091
GASB 68 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,569,127. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,382,895. Finally, the proportionate share of the TRS pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$3,005,055. The net result is a decrease in the change in net position.	(2,818,823)
deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$390,216. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$356,312. Finally, the proportionate share of the TRS OPEB expense on the plans as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$522,311. The net result is a decrease in the change in net position.	(488,407)
Change in net position of governmental activities	\$(<u>7,246,681</u>)

CORSICANA INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND

AUGUST 31, 2020

	<u>Nonmajor Internal Service Fund</u> <u>Public Entity Risk Pool</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 193,508
Due from other funds	<u>206,140</u>
Total current assets	<u>399,648</u>
Total assets	<u>399,648</u>
LIABILITIES	
Current liabilities:	
Accrued expenses	<u>352,570</u>
Total current liabilities	<u>352,570</u>
Total liabilities	<u>352,570</u>
NET POSITION	
Unrestricted	<u>47,078</u>
Total net position	\$ <u>47,078</u>

The accompanying notes are an integral part of this financial statement.

CORSICANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2020

	Nonmajor Internal Service Fund
	<u>Public Entity Risk Pool</u>
OPERATING REVENUES	
Local and intermediate sources	\$ 409,264
Total operating revenues	<u>409,264</u>
OPERATING EXPENSES	
Other operating costs	<u>345,173</u>
Total operating expenses	<u>345,173</u>
Change in net position	64,091
NET POSITION, BEGINNING	(<u>17,013</u>)
NET POSITION, ENDING	<u>\$ 47,078</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED AUGUST 31, 2020

	Nonmajor Internal Service Fund
	<u>Public Entity Risk Pool</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 409,264
Cash payments or other operating expenses	(589,247)
Net cash provided (used) by operating activities	<u>(179,983)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(179,983)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>373,491</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>193,508</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	64,091
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Due from other funds	(206,140)
Accrued expenses	(37,597)
Due to other funds	<u>337</u>
Net cash provided (used) by operating activities	<u>\$(179,983)</u>

CORSIANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

AUGUST 31, 2020

Data Control Codes		Private Purpose Trust Funds	Agency Funds <hr/> Student Activity
ASSETS			
1110	Cash and cash equivalents	\$ 32,130	\$ 149,002
1290	Other receivables	35,046	-
1810	Restricted cash and temporary investments	<u>17,292,518</u>	<u>-</u>
	Total assets	<u>17,359,694</u>	<u>149,002</u>
LIABILITIES			
Current Liabilities:			
2170	Due to other funds	3,000	9,985
2190	Due to student groups	-	139,017
2400	Payable from restricted assets	<u>85,666</u>	<u>-</u>
	Total liabilities	<u>88,666</u>	<u>149,002</u>
NET POSITION			
3800	Held in trust	<u>17,271,028</u>	
3000	Total net position	<u>\$ 17,271,028</u>	

CORSICANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

	Private Purpose Trust Funds
ADDITIONS:	
Donations	\$ 2,225
Investment income	358,873
Net increase in fair value of investments	1,340,552
Mineral income	<u>177,821</u>
Total additions	<u>1,879,471</u>
DEDUCTIONS:	
Scholarship awards	396,551
Professional services	58,771
Administrative expenses	<u>54,830</u>
Total deductions	<u>510,152</u>
Change in Net Position	<u>1,369,319</u>
NET POSITION, BEGINNING	<u>15,901,709</u>
NET POSITION, ENDING	<u>\$ 17,271,028</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

ESSER Grant Fund: This fund accounts for the revenues and expenditures for the Elementary and Secondary School Emergency Relief Fund of the Coronavirus Aid, Relief and Economic Security (CARES) Act used to support the district's ability to operate and instruct their students during the COVID-19 pandemic.

Debt Service Fund: This fund accounts for the proceeds raised through the debt service tax rates and used to pay for bonded debt service.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

C. Measurement Focus, Basis of Accounting

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

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

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

II. Assets, Liabilities, Deferred Inflows/Outflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Inventories

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

Capital Assets

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

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

<u>Asset Classification</u>	<u>Useful Life</u>
Buildings	50
Building improvements	20
Vehicles	5
Office equipment	5

Deferred Outflows and Inflows of Resources

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

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

Interfund Activity

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Data Control Codes

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

Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Pensions

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

Other Post-Employment Benefits

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

III. Detailed Notes on Activities and Funds

Deposits and Investments

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

Cash Deposits

Cash deposits of the District include all amounts deposited at the District's depository bank, including all demand deposits and certificates of deposit. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

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

Investment or Investment Type	Reported Value	Weighted Average Maturity (Days)	Rating	Rating Agency
Lone Star - First Public	\$ 2,515,721	24	AAAm	S & P
TexStar	52,105	29	AAAm	S & P
TexPool	346,705	28	AAAm	S & P
Logic	6,240,487	52	AAAm	S & P
Texas Class	<u>6,431,710</u>	54	AAAm	S & P
Total Investments	<u>\$ 15,586,728</u>			

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA- or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,517,186	\$ -	\$ -	\$ 1,517,186
Total capital assets, not being depreciated	<u>1,517,186</u>	<u>-</u>	<u>-</u>	<u>1,517,186</u>
Capital assets, being depreciated:				
Buildings and improvements	153,237,489	1,196,886	-	154,434,375
Equipment	9,213,765	773,484	-	9,987,249
Vehicles	<u>5,997,730</u>	<u>-</u>	<u>-</u>	<u>5,997,730</u>
Total capital assets, being depreciated	<u>168,448,984</u>	<u>1,970,370</u>	<u>-</u>	<u>170,419,354</u>
Less accumulated depreciation for:				
Buildings and improvements	(62,989,155)	(5,848,159)	-	(68,837,314)
Equipment	(8,579,799)	(536,173)	-	(9,115,972)
Vehicles	<u>(5,200,174)</u>	<u>(203,514)</u>	<u>-</u>	<u>(5,403,688)</u>
Total accumulated depreciation	<u>(76,769,128)</u>	<u>(6,587,846)</u>	<u>-</u>	<u>(83,356,974)</u>
Total governmental activities capital assets, net	<u>\$ 93,197,042</u>	<u>\$ (4,617,476)</u>	<u>\$ -</u>	<u>\$ 88,579,566</u>

Depreciation was charged to functions as follows:

Governmental activities:	
Instruction	\$ 3,666,889
Instruction Resources & Media Services	66,492
Curriculum & Instructional Staff Development	99,025
Instructional Leadership	257,915
School Leadership	324,632
Guidance, Counseling & Evaluation Services	251,279
Social Work Services	10,221
Health Services	64,475
Student (Pupil) Transportation	193,520
Food Services	388,884
Extracurricular Activities	161,162
General Administration	130,433
Plant Maintenance & Operations	647,393
Security & Monitoring Services	130,457
Data Processing Services	152,582
Community Services	10,844
Capital Outlay	<u>31,643</u>
Total depreciation expense	\$ <u>6,587,846</u>

Interfund Balances and Activities

Due To and From Other Funds

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General fund	ESSER grant	\$ 984,339	Short-term loans
General fund	Other governmental funds	1,873,261	Short-term loans
General fund	Private purpose trust fund	3,000	Short-term loans
General fund	Agency fund	9,985	Short-term loans
Debt service fund	General fund	159,524	Short-term loans
Internal service fund	General fund	<u>206,140</u>	Short-term loans
		\$ <u>3,236,249</u>	

All amounts due are scheduled to be repaid within one year.

Transfers To and From Other Funds

There were no transfers to and from other funds at August 31, 2020.

Long-Term Obligations

Long-Term Obligation Activity

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 41,855,000	\$ -	\$ 39,735,000	\$ 2,120,000	\$ 85,000
General obligation refunding bonds	44,135,000	67,905,000	33,670,000	78,370,000	2,593,438
General obligation refunding bonds - CAB	63,761	16,607,352	4,497	16,666,616	-
Notes	950,000	-	125,000	825,000	125,000
Loan	1,428,930	-	141,061	1,287,869	204,083
Capital lease	410,922	-	77,022	333,900	80,055
Premium on issuance of debt	<u>6,864,986</u>	<u>-</u>	<u>6,255,443</u>	<u>609,543</u>	<u>-</u>
Total governmental activities	\$ <u>95,708,599</u>	\$ <u>84,512,352</u>	\$ <u>80,008,023</u>	\$ <u>100,212,928</u>	\$ <u>3,087,576</u>

General Obligation Bonds

General obligation school building bonds payable at August 31, 2020, with their outstanding balance are comprised of the following individual issues.

The District issued \$8,969,997 of Schoolhouse Series 2012 Refunding Bonds during the year ended August 31, 2012 for the purposes of refinancing. Interest rates vary from .35% to 3.5% with installments varying from \$151,251 to \$2,065,000. The total balance on this issue at August 31, 2020 is \$0. Of this total, \$2,523 principal is classified as a Capital Appreciation Bond. \$35,089 accreted interest is also reported.

The District issued \$27,700,000 of Schoolhouse Series 2013 Refunding Bonds during the year ended August 31, 2013 for the purposes of refinancing. Interest rates vary from 1.25% to 5.0% with installments varying from \$405,000 to \$3,965,000. The total balance on this issue at August 31, 2020 is \$6,880,000.

The District issued \$42,165,000 of Schoolhouse Series 2015 Bonds during the year ended August 31, 2015 for the purposes of construction. Interest rates vary from 2.0% to 5.0% with installments varying from \$85,000 to \$300,000. The total balance on this issue at August 31, 2020 is \$2,120,000.

The District issued \$13,985,000 of Schoolhouse Series 2015 Refunding Bonds during the year ended August 31, 2016 for the purposes of refinancing. Interest rates vary from .28% to 1.75% with installments varying from \$1,130,000 to \$1,260,000. The total balance on this issue at August 31, 2020 is \$3,585,000.

In the current fiscal year, the District issued \$71,244,927 of Unlimited Tax Refunding Bonds, Series 2020 with interest rates ranging from .79% to 2.75% with installments varying from \$3,221 to \$4,550,000. The proceeds were used to advance refund \$71,245,000 of outstanding Series 2012, Series 2013 and Series 2015 bonds which had interest rates ranging from .28% to 5.0%. The net proceeds of \$83,789,746 (including a \$13,254,597 premium and after payment of \$709,779 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2012, Series 2013, and Series 2015 bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The advance refunding reduced its total debt service payments by \$12,647,180 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$10,045,476.

As of August 31, 2020, \$71,245,000 of defeased bonds remain outstanding, which includes bonds refunded during the current fiscal year. Of the amount of defeased bonds outstanding, \$71,245,000 is held by a trustee that may substitute the risk-free monetary assets held for the repayment of the debt with non-risk free monetary assets.

Notes

During 2016 the District issued \$1,300,000 Maintenance Notes, Series 2016 due in 10 installments of approximately \$150,000 each at the rate of 2.12%. The balance at August 31, 2020 is \$825,000.

Loan

During the 2019 year, the District entered into an agreement with the Texas Comptroller of Public Accounts, through its State Energy Conservation Office for \$1,428,930. The balance at August 31, 2020 is \$1,287,869. The quarterly payment amount is \$57,079 including principal and accrued interest at a 2% interest rate. The last payment is August 31, 2026.

Debt Service Requirements

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

Year Ended August 31,	Governmental Activities-Bonded Debt		
	Principal	Interest	Total Requirements
2021	\$ 2,680,961	\$ 1,994,614	\$ 4,675,575
2022	1,780,713	1,928,789	3,709,502
2023	1,740,645	1,858,639	3,599,284
2024	1,485,125	1,787,439	3,272,564
2025	1,531,314	1,715,664	3,246,978
2026-2030	13,968,220	7,924,231	21,892,451
2031-2035	18,715,000	6,270,226	24,985,226
2036-2040	18,950,000	4,128,013	23,078,013
2041-2045	<u>21,570,000</u>	<u>1,514,975</u>	<u>23,084,975</u>
Totals	\$ <u>82,421,978</u>	\$ <u>29,122,590</u>	\$ <u>111,544,568</u>
Subtract:			
Future Accreted Interest on CABs	<u>(14,734,638)</u>		
Amount outstanding	\$ <u>97,156,616</u>		

Year Ended August 31,	Governmental Activities-Note Payable		
	Principal	Interest	Total Requirements
2021	\$ 125,000	\$ 18,019	\$ 143,019
2022	130,000	15,469	145,469
2023	135,000	12,819	147,819
2024	140,000	10,069	150,069
2025	145,000	6,584	151,584
2026	<u>150,000</u>	<u>2,250</u>	<u>152,250</u>
Totals	\$ <u>825,000</u>	\$ <u>65,210</u>	\$ <u>890,210</u>

The District's outstanding bonds and notes payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. The District's outstanding bonds and notes payable contain a provision that in an event of default, outstanding amounts become immediately due.

Capital Leases

The District has acquired certain capital assets through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded as the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Various equipment	\$ 410,922
Less: accumulated depreciation	<u>(82,024)</u>
Net value	\$ <u>328,898</u>

The future minimum lease obligations and the net present value of these lease minimum lease payments as of August 31, 2020, were as follows:

Year Ended August 31,	Governmental Activities
2021	\$ 93,439
2022	93,439
2023	93,439
2024	<u>93,439</u>
Total minimum lease payments	<u>\$ 373,756</u>
Less: amount representing interest	(39,856)
Present value of minimum lease payments	<u>\$ 333,900</u>

Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Defined Benefit Pension Plan

Plan Description

The Corsicana Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and 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 workload 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

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

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

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

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

Contributions

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

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

	Contribution Rates	
	2019	2020
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	7.50%
Employers	6.80%	7.50%
Current fiscal year employer contributions		\$ 1,569,127
Current fiscal year member contributions		3,226,228
2019 measurement year NECE on-behalf contributions		1,753,118

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or Junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020 was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63% Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

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

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

Asset Class	FY 2019 Target Allocation ¹ %	New Target Allocation ² %	Long-Term Expected Geometric Real Rate of Return ³
Global Equity			
U.S.	18%	18%	6.40%
Non-U.S. Developed	13%	13%	6.30%
Emerging Markets	9%	9%	7.30%
Directional Hedge Funds	4%	0%	0.00%
Private Equity	13%	14%	8.40%
Stable Value			
U.S. Treasuries ⁴	11%	16%	3.10%
Stable Value Hedge Funds	4%	5%	4.50%
Absolute Return (Including Credit Sensitive Investments)	0%	0%	0.00%
Real Return			
Global Inflation Linked Bonds ⁴	3%	0%	0.00%
Real Estate	14%	15%	8.50%
Energy & Natural Resources and Infrastructure	5%	6%	7.30%
Commodities	0%	0%	0.00%
Risk Parity			
Risk Parity	5%	8%	5.8%/6.5% ⁵
Asset Allocation Leverage			
Cash	1%	2%	2.50%
Asset Allocation Leverage	0.00%	-6%	2.70%
Total	100.00%		7.23%

¹ FY 2019 Target allocations are based on the Strategic Asset Allocation dated 10/1/2018

² New target allocation based on the Strategic Asset Allocation dated 10/1/2019

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

⁴ New Target Allocation groups Government Bonds within the stable value allocation. This includes global

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Proportionate share of net pension liability	\$ 32,138,508	\$ 20,907,918	\$ 11,808,973

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 \$20,907,918 for its proportionate share of the TRS' 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	\$ 20,907,918
State's proportionate share that is associated with the District	<u>26,038,083</u>
Total	<u>\$ 46,946,001</u>

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0402205864%, which was a increase of .0034711066% 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 an addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for the 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's pension expense was \$8,478,166 and revenue of \$4,090,216 for support provided by the State.

At August 31, 2020, the District's 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 actuarial experiences	\$ 87,832	\$ 725,956
Changes in actuarial assumptions	6,486,663	2,680,596
Differences between projected and actual investment earnings	209,939	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,163,170	158,485
Contributions paid to TRS subsequent to the measurement date	1,569,127	-
Total as of fiscal year-end	<u>\$ 10,516,731</u>	<u>\$ 3,565,037</u>

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

For the Year Ended August 31,	Pension Expense
2021	\$ 1,330,563
2022	1,088,128
2023	1,315,935
2024	1,237,201
2025	528,453
Thereafter	(117,713)

Defined Other Post-Employment Benefit Plans

Plan Description.

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

OPEB Plan Fiduciary Net Position.

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the TRS website at www.trs.state.tx.us; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided.

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

TRS-Care Monthly for Retirees		
January 1, 2019 thru December 31, 2019		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

Contributions.

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

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

	Contribution Rates	
	2019	2020
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 390,216
Current fiscal year member contributions		272,343
2019 measurement year NECE on-behalf contributions		484,490

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.

Actuarial Assumptions.

The total OPEB liability in the August 31, 2018 was rolled forward to August 31, 2019. The actuarial valuation 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	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases**	3.05% to 9.05%, including inflation
Healthcare Trend Rates	10.25% to 4.50%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate.

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

Discount Rate Sensitivity Analysis.

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

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
Proportionate share of net OPEB liability	\$ 29,334,171	\$ 24,296,916	\$ 20,356,263

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 \$24,296,916 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	24,296,916
State's proportionate share that is associated with the District		<u>32,285,164</u>
Total	\$	<u>56,582,080</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 thru August 31, 2019.

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.0513772136%, which was a increase of .0036432676% from its proportion measured as of August 31, 2018.

Healthcare Cost Trend Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate used.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate share of net OPEB liability	\$ 19,820,570	\$ 24,296,916	\$ 30,293,159

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

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

For the year ended August 31, 2020, the District recognized OPEB expense of \$1,729,527 and revenue of \$850,904 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 1,191,970	\$ 3,975,932
Changes in actuarial assumptions	1,349,504	6,535,273
Differences between projected and actual investment earnings	2,622	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,016,019	151,864
Contributions paid to TRS subsequent to the measurement date	390,216	-
Total as of fiscal year-end	<u>\$ 4,950,331</u>	<u>\$ 10,663,069</u>

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

For the Year Ended August 31,	Amount
2021	\$(1,111,252)
2022	(1,111,252)
2023	(1,112,100)
2024	(1,112,586)
2025	(1,112,453)
Thereafter	(543,311)

Health Care Coverage

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$378 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third-party administrator is renewable September 1, 2019, and terms of coverage and premium costs are included in the contractual provisions. Other Districts and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 441 3(32c), Interlocal Cooperation Act.

The Teachers Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Blue Cross and Blue Shield of Texas, FIRSTCARE and Scott and White HMO. Medco Health administers the prescription drug plan. The latest financial information on the statewide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us.

Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$179,742, \$142,878, and \$111,444 were recognized for the years ended August 31, 2020, 2019, and 2018, respectively, as equal revenues and expenditures.

Commitments and Contingencies

Contingencies

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

Litigation

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

Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services for the visual and mobile handicapped to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in fund 435 and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Hillsboro ISD	\$ 12,744
Eustace ISD	57,348
Blooming Grove ISD	6,372
Rice ISD	63,720
Wortham ISD	12,744
Dawson ISD	6,372
Frost ISD	35,046
Fairfield ISD	12,744
Kerens	3,186
Ennis ISD	114,695
Malakoff ISD	66,906
Cross Roads ISD	19,116
Kemp ISD	22,302
Scurry Rosser	12,744
Groesbeck ISD	12,744
Mexia ISD	12,744
Corsicana ISD	121,067
LaPoyner ISD	9,558
Teague ISD	6,372
Blum ISD	6,372
Mabank ISD	66,906
Total	<u>\$ 681,800</u>

Self-Funded Workman's Compensation

The District utilizes a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. Claims are paid by a third-party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of liabilities reported in the funds at August 31, 2020, are based on the requirements of Governmental Accounting Standards Board No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Statement of Change in Liability	2020	2019
Unpaid (overpayment) claims at September 1	\$ 390,167	\$ 357,065
Net claims incurred or (adjusted) during the year	250,420	307,424
Payments of claims during the year	(288,017)	(274,322)
Unpaid claims at August 31	<u>\$ 352,570</u>	<u>\$ 390,167</u>

The above amount is reflected as a liability on the financial statements as of August 31, 2020.

New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

Statement No. 84, Fiduciary Activities – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the District in fiscal year 2021.

Statement No. 87, Leases – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the District in fiscal year 2022.

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REQUIRED SUPPLEMENTARY INFORMATION

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CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 20,170,570	\$ 20,896,070	\$ 21,046,306	\$ 150,236
5800	State program revenues	34,345,365	32,446,482	32,813,722	367,240
5900	Federal program revenues	1,212,110	1,392,464	451,526	(940,938)
5020	Total revenues	<u>55,728,045</u>	<u>54,735,016</u>	<u>54,311,554</u>	<u>(423,462)</u>
EXPENDITURES					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	32,946,755	32,111,527	32,418,668	(307,141)
0012	Instructional resources and media services	723,869	648,869	602,915	45,954
0013	Curriculum and instructional staff development	462,481	592,835	474,005	118,830
	Total Instruction & Instr. Related Services	<u>34,133,105</u>	<u>33,353,231</u>	<u>33,495,588</u>	<u>(142,357)</u>
Instructional and School Leadership:					
0021	Instructional leadership	1,465,205	1,685,205	1,668,697	16,508
0023	School leadership	2,941,998	3,079,236	3,063,921	15,315
	Total Instructional & School Leadership	<u>4,407,203</u>	<u>4,764,441</u>	<u>4,732,618</u>	<u>31,823</u>
Support Services - Student (Pupil) :					
0031	Guidance, counseling and evaluation services	2,018,145	2,028,145	2,018,378	9,767
0033	Health services	620,618	627,984	611,071	16,913
0034	Student (pupil) transportation	1,611,158	1,910,158	1,834,114	76,044
0035	Food services	-	-	38,426	(38,426)
0036	Extracurricular activities	1,591,689	2,163,121	2,191,572	(28,451)
	Total Support Services - Student (Pupil)	<u>5,841,610</u>	<u>6,729,408</u>	<u>6,693,561</u>	<u>35,847</u>
Administrative Support Services:					
0041	General administration	1,297,217	1,272,217	1,236,191	36,026
	Total Administrative Support Services	<u>1,297,217</u>	<u>1,272,217</u>	<u>1,236,191</u>	<u>36,026</u>
Support Services - Nonstudent Based :					
0051	Facilities maintenance and operations	6,005,562	6,304,862	6,167,744	137,118
0052	Security and monitoring services	927,072	1,098,072	1,096,736	1,336
0053	Data processing services	1,498,066	1,478,066	1,446,119	31,947
	Total Support Services - Nonstudent Based	<u>8,430,700</u>	<u>8,881,000</u>	<u>8,710,599</u>	<u>170,401</u>
Ancillary Services:					
0061	Community services	2,267	2,767	2,394	373
	Total Ancillary Services	<u>2,267</u>	<u>2,767</u>	<u>2,394</u>	<u>373</u>
Debt Service:					
0071	Principal on long term debt	402,590	402,590	343,083	59,507
0072	Interest on long term debt	64,135	64,135	67,113	(2,978)
	Total Debt Service	<u>466,725</u>	<u>466,725</u>	<u>410,196</u>	<u>56,529</u>
EXPENDITURES (continued)					
Capital Outlay:					
0081	Capital outlay	684,118	1,286,675	1,277,244	9,431
	Total Capital Outlay	<u>684,118</u>	<u>1,286,675</u>	<u>1,277,244</u>	<u>9,431</u>
Intergovernmental Charges:					
0093	Payments to fiscal agent/member dist.-SSA	68,000	68,000	60,383	7,617
0099	Other intergovernmental charges	397,100	427,100	422,545	4,555
	Total Intergovernmental Charges	<u>465,100</u>	<u>495,100</u>	<u>482,928</u>	<u>12,172</u>
6030	Total expenditures	<u>55,728,045</u>	<u>57,251,564</u>	<u>57,041,319</u>	<u>210,245</u>
1100	Excess (deficiency) of revenues over (over) expenditures	-	(2,516,548)	(2,729,765)	(213,217)
1200	Net change in fund balances	-	(2,516,548)	(2,729,765)	(213,217)
0100	Fund balance - September 1 (beginning)	18,103,454	18,103,454	18,103,454	-
3000	Fund balance - August 31 (ending)	<u>\$ 18,103,454</u>	<u>\$ 15,586,906</u>	<u>\$ 15,373,689</u>	<u>\$ (213,217)</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year Ended August 31,		
	2019	2018	2017
District's proportion of the net pension liability (asset)	0.040%	0.037%	0.037%
District's proportionate share of net pension liability (asset)	\$ 20,907,918	\$ 20,227,806	\$ 11,951,142
States proportionate share of the net pension liability (asset) associated with the District	<u>26,038,083</u>	<u>27,920,170</u>	<u>16,168,783</u>
Total	\$ <u>46,946,001</u>	\$ <u>48,147,976</u>	\$ <u>28,119,925</u>
District's covered employee payroll	\$ 39,724,278	\$ 36,906,850	\$ 35,623,769
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	52.63%	54.81%	33.55%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Measurement Year Ended August 31,		
<u>2016</u>	<u>2015</u>	<u>2014</u>
0.037%	0.038%	0.025%
\$ 14,118,362	\$ 13,473,287	\$ 6,803,897
<u>19,741,055</u>	<u>18,900,292</u>	<u>16,263,369</u>
\$ <u>33,859,417</u>	\$ <u>32,373,579</u>	\$ <u>23,067,266</u>
\$ 34,895,153	\$ 33,206,310	\$ 31,532,487
40.46%	40.57%	21.58%
78.00%	78.43%	83.25%

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,		
	2020	2019	2018
Contractually required contribution	\$ 1,569,127	\$ 1,382,895	\$ 1,250,268
Contribution in relation to the contractually required contribution	(1,569,127)	(1,382,895)	(1,250,268)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 41,899,185	\$ 39,724,278	\$ 36,906,850
Contributions as a percentage of covered employee payroll	3.75%	3.48%	3.39%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Fiscal Year Ended August 31,		
<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,225,010	\$ 1,190,043	\$ 661,641
(1,225,010)	(1,190,043)	(661,641)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 35,623,769	\$ 34,895,153	\$ 33,206,310
3.44%	3.41%	1.99%

CORSIANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year Ended August 31,		
	2019	2018	2017
District's proportion of the net OPEB liability (asset)	0.0513772136%	0.047733946%	0.048048752%
District's proportionate share of net OPEB liability (asset) \$	\$ 24,296,916	\$ 23,833,996	\$ 20,894,600
States proportionate share of the net OPEB liability (asset) associated with the District	32,285,164	30,580,868	26,366,155
Total	\$ 56,582,080	\$ 54,414,864	\$ 47,260,755
District's covered employee payroll	\$ 39,724,278	\$ 36,906,850	\$ 35,623,769
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	61.16%	64.58%	58.65%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

Note: Only three years of data is presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,		
	2020	2019	2018
Contractually required contribution	\$ 390,216	\$ 356,312	\$ 325,641
Contribution in relation to the contractually required contribution	(390,216)	(356,312)	(325,641)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 41,899,185	\$ 39,724,278	\$ 36,906,850
Contributions as a percentage of covered employee payroll	0.93%	0.90%	0.88%

Note: Only three years of data is presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CORSICANA INDEPENDENT SCHOOL DISTRICT

NOTES TO BUDGETARY INFORMATION

AUGUST 31, 2020

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, Capital Projects Fund and the National School Breakfast and Lunch Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds and compares the final amended budget to actual revenue and expenditures. The District presented the General Fund budgetary comparison schedule as required supplementary information, and the Debt Service Fund, Capital Projects Fund and National School Breakfast and Lunch Fund comparison schedules are presented as required TEA schedules.

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

1. Prior to August 21, 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 10 days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally approved by Board action. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse on August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District had no outstanding end-of-year encumbrances.

Expenditures Over Appropriations

The District exceeded appropriations in the General Fund in various functions as noted on Exhibit G-1. These excess expenditures over appropriations were funded with overages in other functions.

COMBINING STATEMENTS

CORSICANA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2020

Data Control Codes	211 ESEA I Improving Basic Programs	224 IDEA-B Formula Grant	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ 219,305	\$ 1,051	\$ 107,985
1240	Due from other governments	418,648	82,212	-	31,841
1300	Inventories	-	-	-	108,750
1000	Total assets	<u>418,648</u>	<u>301,517</u>	<u>1,051</u>	<u>248,576</u>
LIABILITIES					
Current Liabilities:					
2110	Accounts payable	-	191	-	33,347
2160	Accrued wages payable	33,194	27,332	-	70,962
2170	Due to other funds	381,905	271,045	1,051	73,220
2190	Due to Student Groups	-	-	-	-
2200	Accrued expenditures	3,549	2,949	-	7,742
2300	Unearned revenues	-	-	-	-
2000	Total liabilities	<u>418,648</u>	<u>301,517</u>	<u>1,051</u>	<u>185,271</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	108,750
Restricted:					
3470	Capital acquisitions & contractual obligations	-	-	-	-
3490	Campus Activities	-	-	-	-
3600	Unassigned	-	-	-	(45,445)
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,305</u>
4000	Total liabilities and fund balances	<u>\$ 418,648</u>	<u>\$ 301,517</u>	<u>\$ 1,051</u>	<u>\$ 248,576</u>

244 Career and Tech Basic Grant	255 ESEA II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	276 Instructional Continuity	289 Title IV Part A Subpart 1	315 IDEA-B Discretionary
\$ 30,429	\$ 28,644	\$ 53,801	\$ 6,191	\$ -	\$ 24,082	\$ 123,116
4,716	9,238	63,328	43,333	27,404	27,495	-
-	-	-	-	-	-	-
<u>35,145</u>	<u>37,882</u>	<u>117,129</u>	<u>49,524</u>	<u>27,404</u>	<u>51,577</u>	<u>123,116</u>
-	-	1,571	-	-	-	-
-	-	-	-	-	-	3,766
35,145	37,882	115,558	49,524	27,404	41,227	118,942
-	-	-	-	-	-	-
-	-	-	-	-	-	408
-	-	-	-	-	10,350	-
<u>35,145</u>	<u>37,882</u>	<u>117,129</u>	<u>49,524</u>	<u>27,404</u>	<u>51,577</u>	<u>123,116</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>35,145</u>	\$ <u>37,882</u>	\$ <u>117,129</u>	\$ <u>49,524</u>	\$ <u>27,404</u>	\$ <u>51,577</u>	\$ <u>123,116</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2020

Data Control Codes	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf
ASSETS				
1110	\$ -	\$ 461,183	\$ 97,151	\$ -
1240	-	-	-	235,727
1300	-	-	-	-
1000	<u>-</u>	<u>461,183</u>	<u>97,151</u>	<u>235,727</u>
LIABILITIES				
Current Liabilities:				
2110	-	-	97,151	-
2160	-	-	-	38,591
2170	-	455,068	-	196,301
2190	-	-	-	-
2200	-	-	-	835
2300	-	6,115	-	-
2000	<u>-</u>	<u>461,183</u>	<u>97,151</u>	<u>235,727</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	-	-	-	-
Restricted:				
3470	-	-	-	-
3490	-	-	-	-
3600	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ -</u>	<u>\$ 461,183</u>	<u>\$ 97,151</u>	<u>\$ 235,727</u>

EXHIBIT H-1

461 Campus Activity Funds	480 Campus Grants	481 Donations	485 Education Foundation	487 Youth Leadership Camp	499 Locally Funded Special Revenue	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 237,999	\$ 11,897	\$ 85	\$ 4,854	\$ 970	\$ -	\$ 1,879,751	\$ 3,288,494
-	-	-	-	-	-	-	943,942
-	-	-	-	-	-	-	108,750
<u>237,999</u>	<u>11,897</u>	<u>85</u>	<u>4,854</u>	<u>970</u>	<u>-</u>	<u>1,879,751</u>	<u>4,341,186</u>
-	-	-	-	-	-	-	132,260
-	-	-	-	-	-	-	173,845
41,194	2,554	-	25,241	-	-	-	1,873,261
196,586	-	-	-	-	-	-	196,586
-	-	-	-	-	-	-	15,483
-	-	-	-	-	-	-	16,465
<u>237,780</u>	<u>2,554</u>	<u>-</u>	<u>25,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,407,900</u>
-	-	-	-	-	-	-	108,750
-	-	-	-	-	-	1,879,751	1,879,751
219	9,343	85	-	970	-	-	10,617
-	-	-	(20,387)	-	-	-	(65,832)
<u>219</u>	<u>9,343</u>	<u>85</u>	<u>(20,387)</u>	<u>970</u>	<u>-</u>	<u>1,879,751</u>	<u>1,933,286</u>
\$ <u>237,999</u>	\$ <u>11,897</u>	\$ <u>85</u>	\$ <u>4,854</u>	\$ <u>970</u>	\$ <u>-</u>	\$ <u>1,879,751</u>	\$ <u>4,341,186</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		211 ESEA I Improving Basic Programs	224 IDEA-B Formula Grant	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ 317,077
5800	State program revenues	-	-	-	16,994
5900	Federal program revenues	<u>1,599,002</u>	<u>1,468,764</u>	<u>-</u>	<u>3,130,621</u>
5020	Total revenues	<u>1,599,002</u>	<u>1,468,764</u>	<u>-</u>	<u>3,464,692</u>
EXPENDITURES					
Current:					
0011	Instruction	940,761	642,561	-	-
0012	Instructional resources and media services	19,958	-	-	-
0013	Curriculum and staff development	349,781	88,843	-	-
0021	Instructional leadership	132,710	386,549	-	-
0023	School leadership	12,817	-	-	-
0031	Guidance, counseling & evaluation services	12,335	350,811	-	-
0032	Social work services	30,260	-	-	-
0035	Food services	-	-	-	3,669,938
0036	Cocurricular/extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	<u>100,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>1,599,002</u>	<u>1,468,764</u>	<u>-</u>	<u>3,669,938</u>
1100	Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(205,246)</u>
1200	Net change in fund balances	-	-	-	(205,246)
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,551</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,305</u>

244 Career and Tech Basic Grant	255 ESEA II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	276 Instructional Continuity	289 Title IV Part A Subpart 1	315 IDEA-B Discretionary
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>54,044</u>	<u>168,825</u>	<u>98,895</u>	<u>111,248</u>	<u>27,404</u>	<u>117,787</u>	<u>59,261</u>
<u>54,044</u>	<u>168,825</u>	<u>98,895</u>	<u>111,248</u>	<u>27,404</u>	<u>117,787</u>	<u>59,261</u>
-	44,365	96,804	111,248	27,404	2,438	59,261
-	-	-	-	-	-	-
-	20,102	2,091	-	-	-	-
54,044	104,358	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	66,613	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	48,736	-
-	-	-	-	-	-	-
<u>54,044</u>	<u>168,825</u>	<u>98,895</u>	<u>111,248</u>	<u>27,404</u>	<u>117,787</u>	<u>59,261</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ 320,475
5800	State program revenues	2,439	605,252	98,551	361,325
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>2,439</u>	<u>605,252</u>	<u>98,551</u>	<u>681,800</u>
EXPENDITURES					
Current:					
0011	Instruction	-	605,252	1,400	582,482
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	2,439	-	-	1,256
0021	Instructional leadership	-	-	-	98,062
0023	School leadership	-	-	-	-
0031	Guidance, counseling & evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0035	Food services	-	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	97,151	-
0061	Community services	-	-	-	-
6030	Total expenditures	<u>2,439</u>	<u>605,252</u>	<u>98,551</u>	<u>681,800</u>
1100	Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

461 Campus Activity Funds	480 Campus Grants	481 Donations	485 Education Foundation	487 Youth Leadership Camp	499 Locally Funded Special Revenue	699 Capital Pojects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 20,000	\$ -	\$ 36,388	\$ -	\$ 473,500	\$ 24,914	\$ 1,192,354
-	-	-	-	-	-	-	1,084,561
-	-	-	-	-	-	-	6,835,851
<u>-</u>	<u>20,000</u>	<u>-</u>	<u>36,388</u>	<u>-</u>	<u>473,500</u>	<u>24,914</u>	<u>9,087,852</u>
-	15,561	-	-	-	473,500	-	\$ 3,603,037
-	-	-	-	-	-	-	19,958
-	-	-	-	-	-	-	464,512
-	-	-	-	-	-	-	775,723
-	-	-	-	-	-	-	12,817
-	-	-	-	-	-	-	363,146
-	-	-	-	-	-	-	96,873
-	-	-	-	-	-	-	3,669,938
-	-	-	41,871	-	-	-	41,871
-	-	-	-	-	-	-	145,887
-	-	-	-	-	-	-	100,380
<u>-</u>	<u>15,561</u>	<u>-</u>	<u>41,871</u>	<u>-</u>	<u>473,500</u>	<u>-</u>	<u>9,294,142</u>
<u>-</u>	<u>4,439</u>	<u>-</u>	<u>(5,483)</u>	<u>-</u>	<u>-</u>	<u>24,914</u>	<u>(181,376)</u>
-	4,439	-	(5,483)	-	-	24,914	(181,376)
<u>219</u>	<u>4,904</u>	<u>85</u>	<u>(14,904)</u>	<u>970</u>	<u>-</u>	<u>1,854,837</u>	<u>2,114,662</u>
\$ <u>219</u>	\$ <u>9,343</u>	\$ <u>85</u>	\$ <u>(20,387)</u>	\$ <u>970</u>	\$ <u>-</u>	\$ <u>1,879,751</u>	\$ <u>1,933,286</u>

CORSIANA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

AUGUST 31, 2020

Data Control Codes	826 Miscellaneous Scholarship Fund	827 Marx Athletic Scholarship	828 Collins Education Foundation	829 LePoris Breithaupt Scholarship	Total Private-Purpose Trust Funds	
ASSETS						
1110	Cash and cash equivalents	\$ 2,125	\$ -	\$ -	\$ 30,005	\$ 32,130
1290	Other receivables	-	-	35,046	-	35,046
1810	Restricted cash and temporary investments	-	10,188	17,273,704	8,626	17,292,518
1000	Total assets	2,125	10,188	17,308,750	38,631	17,359,694
LIABILITIES						
Current Liabilities:						
2170	Due to other funds	1,000	2,000	-	-	3,000
2400	Payable from restricted assets	-	188	84,678	800	85,666
2000	Total liabilities	1,000	2,188	84,678	800	88,666
NET POSITION:						
3800	Held in trust	1,125	8,000	17,224,072	37,831	17,271,028
3000	Total net position	\$ 1,125	\$ 8,000	\$ 17,224,072	\$ 37,831	\$ 17,271,028

CORSIANA INDEPENDENT SCHOOL DISTRICT

COMBING STATEMENTS OF CHANGE IN FIDUCIARY NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

	826 Miscellaneous Scholarship Fund	827 Marx Athletic Scholarship	828 Collins Education Fund	829 LePoris Breithaupt Scholarship	Total Private-Purpose Trust Funds
ADDITIONS					
Donations	\$ 2,125	\$ -	\$ -	\$ 100	\$ 2,225
Investment income	-	-	358,873	-	358,873
Net increase in fair value of investments	-	-	1,340,552	-	1,340,552
Mineral income	-	-	<u>177,821</u>	-	<u>177,821</u>
Total additions	<u>2,125</u>	<u>-</u>	<u>1,877,246</u>	<u>100</u>	<u>1,879,471</u>
DEDUCTIONS					
Scholarship awards	-	1,000	393,551	2,000	396,551
Professional services	-	-	58,771	-	58,771
Administrative expenses	-	-	<u>54,830</u>	-	<u>54,830</u>
Total deductions	<u>-</u>	<u>1,000</u>	<u>507,152</u>	<u>2,000</u>	<u>510,152</u>
Change in net position	2,125	(1,000)	1,370,094	(1,900)	1,369,319
NET POSITION, BEGINNING	(<u>1,000</u>)	<u>9,000</u>	<u>15,853,978</u>	<u>39,731</u>	<u>15,901,709</u>
NET POSITION, ENDING	<u>\$ 1,125</u>	<u>\$ 8,000</u>	<u>\$ 17,224,072</u>	<u>\$ 37,831</u>	<u>\$ 17,271,028</u>

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REQUIRED TEA SCHEDULES

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLES

FOR THE YEAR ENDED AUGUST 31, 2020

Last Ten Years Ended August 31,	Tax Rates		3 Net Assessed/ Appraised Value for School Tax Purpose	10 Beginning Balance 9/1/2019
	1 Maintenance	2 Debt Service		
2011 and prior years	various	various	various	\$ 195,727
2012	1.04	0.2430	1,346,738,737	40,735
2013	1.04	0.2430	1,366,953,079	48,424
2014	1.04	0.2430	1,380,620,081	49,210
2015	1.04	0.2430	1,466,988,174	64,762
2016	1.04	0.3303	1,435,549,077	78,015
2017	1.04	0.3303	1,456,985,186	90,979
2018	1.04	0.3303	1,552,394,184	107,258
2019	1.04	0.3303	1,666,725,535	650,638
2020 (School year under audit)	0.97	0.3131	2,037,409,165	-
1000 Totals				\$ <u>1,325,748</u>

20	31	32	40	50
<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2020</u>
\$ -	\$ 10,541	\$ 2,463	\$(14,816)	\$ 167,907
-	3,049	712	(3,145)	33,829
-	3,274	765	(2,996)	41,389
-	3,840	897	(3,350)	41,123
-	7,144	1,651	(2,501)	53,466
-	13,137	3,036	(1,181)	60,661
-	16,683	5,299	493	69,491
-	48,543	15,417	36,710	80,008
-	220,579	70,055	13,316	373,320
<u>26,141,997</u>	<u>19,020,276</u>	<u>6,139,431</u>	<u>(324,028)</u>	<u>658,262</u>
\$ <u>26,141,997</u>	\$ <u>19,347,067</u>	\$ <u>6,239,726</u>	\$ <u>(301,498)</u>	\$ <u>1,579,454</u>

CORNICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 564,967	\$ 564,967	\$ 317,077	\$(247,890)
5800	State program revenues	18,000	18,000	16,994	(1,006)
5900	Federal program revenues	<u>3,315,000</u>	<u>3,315,000</u>	<u>3,130,621</u>	<u>(184,379)</u>
5020	Total revenues	<u>3,897,967</u>	<u>3,897,967</u>	<u>3,464,692</u>	<u>(433,275)</u>
EXPENDITURES					
Current:					
Support Services - Student (Pupil):					
0035	Food services	3,887,967	3,887,967	3,669,938	218,029
0051	Facilities maintenance and operations	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
	Total Support Services - Student (Pupil)	<u>3,897,967</u>	<u>3,897,967</u>	<u>3,669,938</u>	<u>228,029</u>
6030	Total expenditures	<u>3,897,967</u>	<u>3,897,967</u>	<u>3,669,938</u>	<u>228,029</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	(205,246)	(205,246)
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>(205,246)</u>	<u>(205,246)</u>
0100	Fund balance - September 1 (beginning)	<u>268,551</u>	<u>268,551</u>	<u>268,551</u>	<u>-</u>
3000	Fund balance - August 31 (ending)	<u>\$ 268,551</u>	<u>\$ 268,551</u>	<u>\$ 63,305</u>	<u>\$(205,246)</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
DEBT SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 6,275,000	\$ 6,275,000	\$ 6,364,196	\$ 89,196
5800	State program revenues	-	141,796	277,900	136,104
5020	Total revenues	<u>6,275,000</u>	<u>6,416,796</u>	<u>6,642,096</u>	<u>225,300</u>
EXPENDITURES					
Debt Service:					
0071	Principal on long-term debt	2,253,356	2,253,356	3,663,828	(1,410,472)
0072	Interest on long-term debt	3,924,483	3,924,483	2,505,871	1,418,612
0073	Bond issuance costs and fees	13,000	864,574	720,220	144,354
	Total Debt Service	<u>6,190,839</u>	<u>7,042,413</u>	<u>6,889,919</u>	<u>152,494</u>
6030	Total expenditures	<u>6,190,839</u>	<u>7,042,413</u>	<u>6,889,919</u>	<u>152,494</u>
1100	Excess (deficiency) of revenues over (under) expenditures	84,161	(625,617)	(247,823)	377,794
OTHER FINANCING SOURCES (USES)					
7911	Sale of bonds	-	(71,244,927)	71,244,927	(142,489,854)
7916	Premium on issuance of bonds	-	(13,254,597)	13,254,597	(26,509,194)
8940	Payment to bond refunding escrow agent	-	83,789,746	(83,789,746)	167,579,492
7080	Total Debt Service	<u>-</u>	<u>(709,778)</u>	<u>709,778</u>	<u>(1,419,556)</u>
1200	Net change in fund balances	<u>84,161</u>	<u>(1,335,395)</u>	<u>461,955</u>	<u>(1,041,762)</u>
0100	Fund balance - September 1 (beginning)	<u>2,866,426</u>	<u>2,866,426</u>	<u>2,866,426</u>	<u>-</u>
3000	Fund balance - August 31 (ending)	<u>\$ 2,950,587</u>	<u>\$ 1,531,031</u>	<u>\$ 3,328,381</u>	<u>\$ 1,797,350</u>

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COMPLIANCE SECTION

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**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**

Board of Trustees of
Corsicana Independent School District
Corsicana, 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 Corsicana Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Corsicana Independent School District's basic financial statements, and have issued our report thereon dated December 3, 2020.

Internal Control Over Financial Reporting

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 3, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees of
Corsicana Independent School District
Corsicana, Texas

Report on Compliance for Each Major Federal Program

We have audited Corsicana Independent School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Corsicana Independent School District's major federal programs for the year ended August 31, 2020. Corsicana Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 3, 2020

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

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures	(4) Pass-through Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
Passed through the State Department of Education:				
School Breakfast Program	10.553	71401901	\$ 121,970	\$ -
School Breakfast Program	10.553	71402001	542,255	-
Total CFDA Number 10.553			664,225	-
National School Lunch Program (Non-cash)	10.555	175-903	234,486	-
National School Lunch Program	10.555	71301901	260,300	-
National School Lunch Program	10.555	71302001	1,188,491	-
Total CFDA Number 10.555			1,683,277	-
Total Passed through the State Department of Education			2,347,502	-
Passed through the Texas Department of Agriculture:				
Summer Food Service Program (COVID-19)	10.559	00851	783,119	-
Total Child Nutrition Cluster			3,130,621	-
TOTAL U. S. DEPARTMENT OF AGRICULTURE			3,130,621	-
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through the State Department of Education:				
IDEA-B Formula	84.027A	206600011759036000	1,468,764	-
SSA IDEA-B Discretionary	84.027A	206600111759036000	59,261	-
Total CFDA Number 84.027A			1,528,025	-
Total Special Education (IDEA) Cluster			1,528,025	-
OTHER PROGRAMS:				
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through the State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	20610101175903	1,517,969	-
TTL 1003 School Improvement	84.010A	20610141175903	81,033	-
Total CFDA Number 84.010A			1,599,002	-
Career and Technical - Basic Grant	84.048A	20420006175903	54,044	-
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	20696001175903	111,248	-
Title III Part A English Language Acquisition and Language Enhance	84.365A	20671001175903	98,895	-
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	20694501175903	168,825	-
Instructional Continuity	84.358B	17610740175903	27,404	-
Title IV Part A Subpart 1	84.424A	20680101175903	117,787	-
Elementary and Secondary School Emergency Relief (ESSER) (COVID-19)	84.425D	20521001175903	1,235,431	-
Total Passed through the State Department of Education			4,940,661	-
TOTAL U. S. DEPARTMENT OF EDUCATION			4,940,661	-
<u>U. S. DEPARTMENT OF DEFENSE</u>				
Passed through the State Department of Education:				
JROTC	12.002	175'903	58,753	-
Total Passed through State Department of Education			58,753	-
TOTAL U. S. DEPARTMENT OF DEFENSE			58,753	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 8,130,035	\$ -

CORSICANA INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

AUGUST 31, 2020

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Corsicana Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The District's significant account policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

4. INDIRECT COSTS

Corsicana Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

5. RECONCILIATION OF FEDERAL REVENUES

The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the year ended August 31, 2020:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 8,522,808
Less:	
SHARS	(392,773)
Federal expenditures	<u>\$ 8,130,035</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2020

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	None reported
Significant deficiency(ies) identified, that were not considered a material weakness	None reported
Material noncompliance to the financial statements noted?	None reported

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	None reported
Significant deficiency(ies) identified, that were not considered a material weakness	None reported

Type of auditor's report on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None reported
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Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster:
10.553 and 10.555	Child Nutrition Cluster
84.027A	IDEA-B Formula
84.425D	Elementary and Secondary School Emergency Relief (ESSER)

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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**Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance With Generally Accepted Government Auditing Standards**

None reported

Findings and Questioned Costs for Federal Awards

None reported

CORSICANA INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2020

Item 2018-1

Condition: The District exceeded its budget in several functional areas. This was caused by the District's failure to properly apply budgetary controls over expenditures.

Criteria: The District is required to spend within its approved budget.

Effect: The District spend funds in excess of its approved budget.

Cause: The District failed to properly apply budgetary controls and amend the budget as necessary.

Recommendation: The District should properly utilize budgetary controls and amend its budget as necessary.

District's Response: The District will monitor its appropriations and expenditures to ensure the budgetary controls are working. The District will amend its budget as needed.

Status: In Progress