

INGRAM INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2020

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CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



INGRAM INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

August 31, 2020

	<u>PAGE</u>	<u>EXHIBIT</u>
INTRODUCTORY SECTION		
Certificate of Board	i	
FINANCIAL SECTION		
Independent Auditor's Report	1-3	
Management's Discussion and Analysis	5-12	
<u>Basic Financial Statements:</u>		
<u>Government-Wide Financial Statements:</u>		
Statement of Net Position	15	A-1
Statement of Activities	16	B-1
<u>Governmental Fund Financial Statements:</u>		
Balance Sheet – Governmental Funds	17	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	19	C-2
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20	C-3
<u>Proprietary Fund Financial Statements:</u>		
Statement of Net Position	21	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	22	D-2
Statement of Cash Flows	23	D-3
<u>Fiduciary Fund Financial Statements:</u>		
Statement of Net Position	24	E-1
Notes to the Financial Statements	25-50	

INGRAM INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

August 31, 2020

	<u>PAGE</u>	<u>EXHIBIT</u>
REQUIRED SUPPLEMENTARY INFORMATION		
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund	52	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	53	G-3
Schedule of District's Contributions For Net Pension Liability – Teacher Retirement System of Texas	54	G-4
Schedule of the District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas	55	G-5
Schedule of the District's Contribution for Other Postemployment Benefits (OPEB) – Teacher Retirement System of Texas	56	G-6
OTHER SUPPLEMENTARY INFORMATION		
<u>Combining and Other Schedules:</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet Funds	58-61	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	62-65	H-2
<u>Required Texas Education Agency Schedules:</u>		
Schedule of Delinquent Taxes Receivable	66-67	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Debt Service Fund	68	J-3
FEDERAL AWARDS SECTION		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71-72	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	73-74	

INGRAM INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

August 31, 2020

	<u>PAGE</u>	<u>EXHIBIT</u>
FEDERAL AWARDS SECTION (CONTINUED)		
Schedule of Findings and Questioned Costs	75	
Summary Schedule of Prior Year Findings	76	
Schedule of Expenditures of Federal Awards	77	K-1
Notes to the Schedule of Expenditures of Federal Awards	78	
Schedule of Required Responses to Selected School First Indicators	79	L-1



INTRODUCTORY SECTION





FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of School Trustees
Ingram Independent School District
510 College Street
Ingram, Texas 78025

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, budgetary comparison information for the schedule of the District's proportionate share of the net pension and OPEB liability, and schedule of the District's contributions to the Teacher Retirement System of Texas as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and other statements and schedules, other supplementary information and required Texas Education Agency schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
January 25, 2021



INGRAM INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

August 31, 2020

The Management’s Discussion and Analysis (MD&A) of Ingram Independent School District (the District) is intended to provide an overview of the District’s financial position and results of operations for the fiscal year ended August 31, 2020. Since the focus of the MD&A is on current year activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s financial statements, including the accompanying notes, to enhance the understanding of the school’s financial performance.

FINANCIAL HIGHLIGHTS

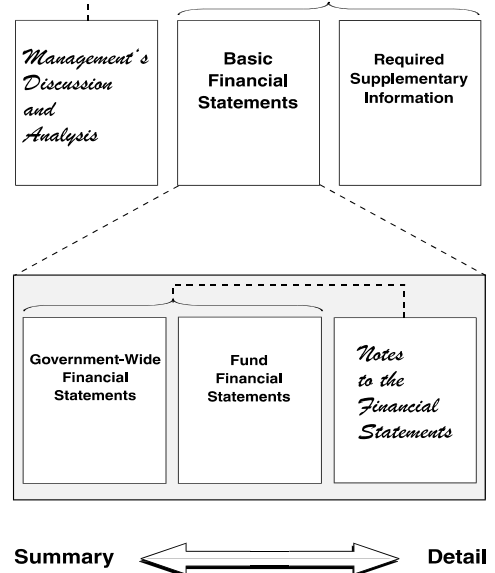
The Board of Trustees adopted a balanced budget in fiscal year 2020. General fund actual revenues were less than budgeted revenues by \$182,429 due mainly to a reduction in local and state revenues. Expenditures were less than budgeted expenditures by \$523,039. The fund balance is \$196,874 at year end.

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 fund* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District’s Annual Financial Report



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

The District's annual financial report consists of a series of financial statements and accompanying notes, with the primary focus being on the District as a whole. The statement of net position and the statement of activities are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The fund financial statements report the District's operations in more detail by providing information as to how services are financed in the short-term, as well as the remaining available resources for future spending. Additionally, the fund financial statements focus on major funds rather than fund types. The remaining statements; the fiduciary fund statements, provide financial information for those activities in which the District acts solely as a trustee or agent for the benefit of others. The accompanying notes provide essential information that is not disclosed on the face of the financial statements. Consequently, the notes form an integral part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities – Most of the activities of the District are reported in these statements, including instruction, instruction support services, operations and maintenance, school administration, general administration, transportation, and food service. Additionally, all state and federal grants and capital and debt financing activities are reported here.

The statement of net position and the statement of activities present a view of the District's financial operations as a whole, reflect all financial transactions, and provide information helpful in determining whether the District's financial position has improved or deteriorated as a result of the current year's activities. Both of these statements are prepared using the full accrual basis of accounting similar to that used by most private-sector companies. The statement of net position includes all assets and liabilities, both short and long term. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the District's net position, which represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Over time, the increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. Additionally, the District's financial operating results are determined by the difference between the revenues and expenses. As opposed to private businesses, generating profits is not an objective of the District's operations, but instead its main objective is to provide exemplary education and services to the students of Ingram Independent School District. Consequently, it is important to note that other non-financial factors, such as the quality of education and safety of students in the schools should be considered in assessing the District's overall performance.

Fund financial statements - Fund financial statements provide a detailed short-term view of the District's operations, focusing on its most significant or "major" funds. Certain funds are required by law while others are created by legal agreements, such as bond covenants. Other funds are established to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. The District has three fund types – governmental funds, proprietary funds, and a fiduciary fund.

Governmental funds - The accounting for most of the District's basic services is included in the governmental funds. The measurement focus and basis of accounting used for reporting is the modified accrual basis which measures inflows and outflows of current financial resources and the remaining balances at year end that are available for spending. Furthermore, under this basis of accounting, changes in net spendable assets are normally recognized only to the extent that they are expected to have a near term impact, while inflows are recognized only if they are available to liquidate liabilities of the current period. Similarly, future outflows are typically recognized only if they represent a depletion of current financial resources. The District's major governmental funds are the general fund and the debt service fund. The differences in the amounts reported between the fund statements and the government-wide statements are explained in the reconciliations provided on pages 18 and 20.

Proprietary funds – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the statement of net position and the statement of activities. The internal service fund is the District’s only proprietary fund. The statement of net position and the statement of revenues, expenses, and changes in fund net position are reported on pages 21 and 22.

Fiduciary funds – The District is the trustee, or *fiduciary* for resources held for the benefit of others such as the student activities fund. Fiduciary activities are reported in the statement of fiduciary net position on page 24. The resources accounted for in this fund are excluded from the government-wide financial statements because these funds are not available to finance the District’s operations. Consequently, the District is responsible for ensuring that these resources are used only for their intended purpose.

Notes to the financial statements – The notes provide disclosures and additional information that are essential to a full understanding of the financial information presented in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining fund statements and schedules beginning on page 52.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of net position (government-wide)

The following table summarizes the District's net position as of August 31, 2020 and 2019.

**STATEMENT OF NET POSITION
August 2020 and 2019**

	Governmental Activities	
	<i>(in thousands)</i>	
	2020	2019
Current assets:		
Cash and cash equivalents	\$ 3,455	\$ 2,243
Property taxes and receivables	325	283
(allowance for uncollectible)	(49)	(42)
Due from other governments	556	742
Inventories	33	24
Prepaid items	83	22
Land	678	679
Building, furniture and equipment	18,302	19,214
Other assets	1	-
Total current assets	23,384	23,165
Deferred outflows of resources:		
Deferred outflow related to TRS pension	2,126	1,956
Deferred outflow related to TRS OPEB	716	391
Deferred charge for refunding	18	19
Total deferred outflows of resources	2,860	2,366
Current liabilities:		
Accounts payable	137	121
Accrued liabilities	606	375
Due to other governments	444	-
Noncurrent liabilities:		
Due within one year	842	829
Due in more than one year	13,186	14,062
Net pension liability	3,626	3,282
Net OPEB liability	4,539	4,640
Total liabilities	23,380	23,309
Deferred inflows of resources:		
Deferred inflow related to TRS pension	778	407
Deferred inflow related to TRS OPEB	2,736	2,350
Total deferred inflows of resources	3,514	407
Net position:		
Net investment in capital assets	5,133	5,167
Restricted for:		
Federal and state programs	-	6
Debt service	715	543
Other purposes	17	13
Unrestricted	(6,514)	(6,264)
Total net position	\$ (649)	\$ (535)

The unrestricted net position reflects a deficit created by recognition of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). GASB 68 and GASB 75 established financial reporting standards and/or accounting standards for the state and local government's defined benefit pension plans and defined other postemployment benefit (OPEB) plans. The effects of the adoption of these standards have no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the District's government-wide financial statements.

Statement of activities (government-wide)

The following table summarizes the change in the District's net position from its activities for the fiscal years ended August 31, 2020 and 2019.

**CHANGES IN NET POSITION
For fiscal years ended August 2020 and 2019**

	Governmental Activities (in thousands)	
	2020	2019
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 2,323	\$ 1,589
Charges for services	217	278
General revenues:		
Property taxes	6,867	6,850
Grants and contributions not restricted	6,283	5,096
Investment earnings	48	82
Other	163	200
Total revenues	15,901	14,095
Expenses:		
Instruction	8,677	6,858
Instructional resources and media services	53	69
Curriculum development and instructional staff development	271	270
Instructional leadership	182	178
School leadership	991	858
Guidance, counseling and evaluation services	439	309
Health services	121	102
Student (pupil) transportation	481	437
Food services	920	805
Curricular/extracurricular activities	654	692
General administration	687	574
Plant maintenance and operations	1,524	1,295
Security and monitoring services	73	44
Data processing services	396	338
Interest on long-term debt	422	439
Bond issuance costs and fees	3	2
Other intergovernmental charges	121	119
Total expenses	16,015	13,389
Increase (decrease) in net position	(114)	706
Net position at September 1,	(535)	(1,241)
Net position at August 31,	\$ (649)	\$ (535)

Property taxes in the amount of \$6,867,346 and state revenue of \$6,283,042 accounted for 82.70% of the District's total revenue of \$15,901,556.

The statement of activities reports gross expenses, offsetting program revenues and the resulting net expense (cost) by functions, for the current year. The net cost of each of the District's functions represents the amount of expenses that must be subsidized by general revenues, including tax dollars. As reflected in the statement of activities, total expenses for governmental activities were \$16,015,997. Of the total expenses, \$217,462 was financed by charges for services and \$2,323,286 by operating grants and contributions. The net cost of \$13,475,249 was financed mainly by state revenue and property taxes.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the balance sheet, and in the statement of revenues, expenditures, and changes in fund balances for the District's major funds which are the general fund, and the debt service fund. Financial information for the nonmajor governmental funds is aggregated and presented in a single column.

General Fund

The general fund is the primary operating fund for the District.

General fund revenues – Overall revenues increased by \$2,193,462 due mainly to an increase in state and federal program revenues.

REVENUES BY SOURCE For the years ended August 31, 2020 and 2019

	2020	2019	Increase (Decrease)
Local and tax revenues	\$ 6,020,729	\$ 6,048,369	\$ (27,640)
State programs	6,549,778	5,019,776	1,530,002
Federal programs	826,064	134,964	691,100
Total	\$ 13,396,571	\$ 11,203,109	\$ 2,193,462

General fund expenditures – Overall expenditures increased by \$2,389,778. The increase in general fund expenditures is mainly attributed to an increase in instruction, curriculum and media services and food services.

EXPENDITURES BY FUNCTIONS
For the years ended August 31, 2020 and 2019

	2020	2019	Increase (Decrease)
EXPENDITURES			
Instruction, curriculum and media services	\$ 7,055,350	\$ 5,461,024	\$ 1,594,326
Instructional and school leadership	997,969	929,679	68,290
Student support services	758,422	689,758	68,664
Food services	791,388	-	791,388
Cocurricular activities	540,931	604,424	(63,493)
General administration	598,142	517,762	80,380
Plant maintenance, security and data processing	2,016,435	1,696,762	319,673
Debt service	175,923	177,947	(2,024)
Capital outlay	-	469,586	(469,586)
Other intergovernmental charges	121,401	119,241	2,160
Total expenditures	<u>\$ 13,055,961</u>	<u>\$ 10,666,183</u>	<u>\$ 2,389,778</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – At August 31, 2020, the District had invested \$37,518,005 in a broad range of capital assets including land, equipment, buildings, and vehicles. This is a \$158,459 increase from the prior year.

CAPITAL ASSETS
August 31, 2020 and 2019

	2020	2019	Increase (Decrease)
Land	\$ 678,899	\$ 678,899	\$ -
Buildings and improvements	33,824,659	33,779,474	45,185
Furniture and equipment	<u>3,014,447</u>	<u>2,901,173</u>	<u>113,274</u>
	37,518,005	37,359,546	158,459
Less: accumulated depreciation	<u>(18,536,678)</u>	<u>(17,466,785)</u>	<u>(1,069,893)</u>
Total	<u>\$ 18,981,327</u>	<u>\$ 19,892,761</u>	<u>\$ (911,434)</u>

LONG-TERM DEBT

At year end the District had \$12,190,000 in bonds outstanding. More detailed information about the District's debt is presented in the notes to the financial statements. The District's general obligation bond rating continues to be in good standing. The District presently carries an "AAA" rating on bonds secured through the permanent school fund insurance.

BUDGETARY HIGHLIGHTS

In 2020 the District adopted a balanced budget designed to meet the needs of existing student instructional and support programs with anticipated local, state and federal revenues. Budget amendments were made during the year. Trustees increased estimated revenues by \$122,000 to reflect increases in state and federal revenues and increased appropriations by \$122,000 for increases in guidance & counseling, general administration, data processing services and other intergovernmental.

ECONOMIC FACTORS

For fiscal year 2019-20, the student enrollment remained constant with the 2018-19 fiscal year. However, enrollment in the 2020-21 fiscal year decreased by 5.5%. This decrease is mainly in the Pre-K grade and is due to the effects of COVID-19. Pre-K is not a compulsory attendance level. The District projects the membership will return to 2019-20 levels in 2021-22.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business services department at:

Ingram Independent School District
District's Business Services Department
510 College Street
Ingram, Texas 78025

BASIC FINANCIAL STATEMENTS



INGRAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

August 31, 2020

EXHIBIT A-1

<u>Data Control Codes</u>		<u>1 Primary Government Governmental Activities</u>
	Assets:	
1110	Cash and cash equivalents	\$ 3,455,129
1220	Property taxes receivable (delinquent)	324,628
1230	Allowance for uncollectible taxes	(48,694)
1240	Due from other governments	555,933
1290	Other receivables (net)	84
1300	Inventories	33,220
1410	Prepaid items	83,354
	Capital assets:	
1510	Land	678,899
1520	Buildings, (net)	17,948,697
1530	Furniture and equipment (net)	<u>353,731</u>
1000	Total assets	<u>23,384,981</u>
	Deferred outflows of resources:	
1701	Deferred charge for refunding	17,895
1705	Deferred outflow related to TRS pension	2,126,304
1706	Deferred outflow related to TRS OPEB	<u>716,510</u>
1700	Total deferred outflows of resources	<u>2,860,709</u>
	Liabilities:	
2110	Accounts payable	137,487
2140	Interest payable	20,413
2160	Accrued wages payable	437,857
2180	Due to other governments	444,817
2200	Accrued expenses	12,486
2300	Deferred revenue	134,687
	Noncurrent liabilities:	
2501	Due within one year	841,681
2502	Due in more than one year	13,186,102
2540	Net pension liability (District's share)	3,626,292
2545	Net OPEB liability (District's share)	<u>4,539,062</u>
2000	Total liabilities	<u>23,380,884</u>
	Deferred inflows of resources:	
2605	Deferred inflows related to TRS pension	777,899
2606	Deferred inflows related to TRS OPEB	<u>2,736,757</u>
	Total deferred inflows of resources	<u>3,514,656</u>
	Net position:	
3200	Net investment in capital assets	5,132,521
3820	Restricted - federal and state programs	-
3850	Restricted - debt service	715,157
3890	Restricted - other	16,508
3900	Unrestricted	<u>(6,514,036)</u>
3000	Total net position	<u>\$ (649,850)</u>

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the year ended August 31, 2020

EXHIBIT B-1

Data Control Codes	Functions / Programs	1 Expenses	Program Revenues		6 Primary Governmental Activities
			3 Charges for Services	4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Governmental activities:				
11	Instruction	\$ 8,676,953	\$ 128,780	\$ 1,156,370	\$ (7,391,803)
12	Instructional resources and media services	53,102	-	31,270	(21,832)
13	Curriculum and staff development	270,558	1,044	36,656	(232,858)
21	Instructional leadership	181,728	-	16,252	(165,476)
23	School leadership	991,338	149	63,949	(927,240)
31	Guidance, counseling, and evaluation services	438,551	-	120,425	(318,126)
33	Health services	121,480	-	8,499	(112,981)
34	Student (pupil) transportation	481,384	-	33,323	(448,061)
35	Food services	919,721	38,212	694,929	(186,580)
36	Extracurricular activities	654,481	47,636	23,317	(583,528)
41	General administration	687,030	149	31,097	(655,784)
51	Facilities maintenance and operations	1,524,277	597	61,869	(1,461,811)
52	Security and monitoring services	73,113	-	25,579	(47,534)
53	Data processing services	395,800	-	19,751	(376,049)
61	Community services	-	-	-	-
72	Debt service - interest on long-term debt	422,387	-	-	(422,387)
73	Debt service - bond issuance costs and fees	2,693	-	-	(2,693)
99	Other intergovernmental charges	121,401	895	-	(120,506)
TP	Total primary government	<u>\$ 16,015,997</u>	<u>\$ 217,462</u>	<u>\$ 2,323,286</u>	<u>(13,475,249)</u>
	General revenues:				
MT	Property taxes, levied for general purposes				5,668,802
DT	Property taxes, levied for debt service				1,198,544
GC	Grants and contributions not restricted				6,283,042
IE	Investment earnings				47,375
MI	Miscellaneous local and intermediate revenue				163,045
TR	Total general revenues				<u>13,360,808</u>
CN	Change in net position				(114,441)
NB	Net position - beginning				<u>(535,409)</u>
NE	Net position - ending				<u>\$ (649,850)</u>

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

August 31, 2020

EXHIBIT C-1

Data Control Codes	10	50	98	98	
	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds	
Assets:					
1110	Cash and cash equivalents	\$ 2,656,009	\$ 713,310	\$ 53,602	\$ 3,422,921
1220	Property taxes - delinquent	273,982	50,646	-	324,628
1230	Allowance for uncollectible taxes (credit)	(41,097)	(7,597)	-	(48,694)
1240	Receivables from other governments	461,479	-	94,454	555,933
1260	Due from other funds	106,324	3,785	-	110,109
1290	Other receivables	84	-	-	84
1300	Inventories	33,220	-	-	33,220
1410	Prepaid items	16,014	-	67,340	83,354
1000	Total assets	<u>\$ 3,506,015</u>	<u>\$ 760,144</u>	<u>\$ 215,396</u>	<u>\$ 4,481,555</u>
Liabilities:					
2110	Accounts payable	\$ 121,384	\$ -	\$ 11,032	\$ 132,416
2160	Accrued wages payable	381,722	-	41,516	423,238
2170	Due to other funds	80,165	-	106,324	186,489
2180	Due to other governments	442,879	1,938	-	444,817
2200	Accrued expenditures	8,191	-	4,005	12,196
2300	Deferred revenue	98,676	-	36,011	134,687
2000	Total liabilities	<u>1,133,017</u>	<u>1,938</u>	<u>198,888</u>	<u>1,333,843</u>
Deferred inflows of resources:					
2601	Deferred inflows - property taxes	232,885	43,049	-	275,934
Fund balances:					
3410	Non-spendable - inventory	33,220	-	-	33,220
3430	Non-spendable - prepaid	16,014	-	-	16,014
3480	Restricted - debt service	-	715,157	-	715,157
3490	Restricted - other	-	-	16,508	16,508
3600	Unassigned fund balance	2,090,879	-	-	2,090,879
3000	Total fund balances	<u>2,140,113</u>	<u>715,157</u>	<u>16,508</u>	<u>2,871,778</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,506,015</u>	<u>\$ 760,144</u>	<u>\$ 215,396</u>	<u>\$ 4,481,555</u>

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

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

August 31, 2020

EXHIBIT C-1R

Total fund balances - governmental funds balance sheet	\$ 2,871,778
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets expensed in the governmental activities are not reported in the funds.	18,783,109
Property tax receivable unavailable to pay for current period expenditures is deferred in the funds.	275,934
The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.	186,242
Payables for bond principal, bond premiums, and loss on refundings which are not due in the current period are not reported in the funds.	(13,748,222)
Payables for bond interest which are not due in the current period are not reported in the funds.	(20,413)
Payables for net pension and OPEB liabilities which are not due in the current period are not reported in the funds.	(8,837,196)
Payables for compensated absences which are not due in the current period are not reported in the funds.	<u>(161,082)</u>
Net position of governmental activities - statement of net position	<u>\$ (649,850)</u>

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the year ended August 31, 2020

EXHIBIT C-2

Data Control Codes		10	50	Other	98
		General Fund	Debt Service Fund	Governmental Funds	Total Governmental Funds
	Revenues:				
5700	Local and intermediate sources	\$ 6,020,729	\$ 1,212,068	\$ 26,630	\$ 7,259,427
5800	State program revenues	6,549,778	38,685	87,263	6,675,726
5900	Federal program revenues	<u>826,064</u>	-	<u>728,985</u>	<u>1,555,049</u>
5020	Total revenues	<u>13,396,571</u>	<u>1,250,753</u>	<u>842,878</u>	<u>15,490,202</u>
	Expenditures:				
	Current:				
0011	Instruction	6,832,641	-	623,554	7,456,195
0012	Instructional resources and media services	18,354	-	30,379	48,733
0013	Curriculum and instructional staff development	204,355	-	29,085	233,440
0021	Instructional leadership	152,918	-	5,768	158,686
0023	School leadership	845,051	-	-	845,051
0031	Guidance, counseling, and evaluation services	270,664	-	102,090	372,754
0033	Health services	103,396	-	-	103,396
0034	Student (pupil) transportation	384,362	-	-	384,362
0035	Food services	791,388	-	-	791,388
0036	Extracurricular activities	540,931	-	22,684	563,615
0041	General administration	598,142	-	-	598,142
0051	Facilities maintenance and operations	1,553,579	-	-	1,553,579
0052	Security and monitoring services	34,959	-	25,372	60,331
0053	Data processing services	427,897	-	-	427,897
	Debt service:				
0071	Principal on long-term debt	155,732	625,000	-	780,732
0072	Interest on long-term debt	20,191	452,325	-	472,516
0073	Bond issuance costs and fees	-	1,500	-	1,500
	Intergovernmental:				
0099	Other intergovernmental charges	<u>121,401</u>	-	-	<u>121,401</u>
6030	Total expenditures	<u>13,055,961</u>	<u>1,078,825</u>	<u>838,932</u>	<u>14,973,718</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>340,610</u>	<u>171,928</u>	<u>3,946</u>	<u>516,484</u>
	Other financing sources and (uses):				
7915	Transfers in	6,264	-	-	6,264
8911	Transfers out (use)	<u>(150,000)</u>	-	<u>(6,264)</u>	<u>(156,264)</u>
7080	Total other financing sources and (uses)	<u>(143,736)</u>	-	<u>(6,264)</u>	<u>(150,000)</u>
1200	Net change in fund balances	196,874	171,928	(2,318)	366,484
0100	Fund balance - September 1 (beginning)	<u>1,943,239</u>	<u>543,229</u>	<u>18,826</u>	<u>2,505,294</u>
3000	Fund balance - August 31 (ending)	<u>\$ 2,140,113</u>	<u>\$ 715,157</u>	<u>\$ 16,508</u>	<u>\$ 2,871,778</u>

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**

For the year ended August 31, 2020

EXHIBIT C-3

Net change in fund balances - total governmental funds	\$ 366,484
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities.	158,459
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,040,096)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	35,801
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	780,732
The net revenue (expense) of internal service funds is reported with governmental activities.	56,825
Changes in net pension and OPEB liabilities are reported as amounts expensed in the statement of activities but not in the funds.	(505,937)
Compensated absences are reported as amounts expensed in the statement of activities but not in the funds.	(15,645)
Bond premiums and accrued interest are reported in the statement of activities but not in the funds.	<u>48,936</u>
Change in net position of governmental activities - statement of activities	<u>\$ (114,441)</u>

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

August 31, 2020

EXHIBIT D-1

		<u>Governmental Activities</u> <u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash	\$	32,208
Due from other funds		76,380
Total current assets		<u>108,588</u>
Noncurrent assets:		
Capital assets:		
Buildings and improvements		137,639
Depreciation on buildings		(137,639)
Furniture and equipment		1,157,485
Depreciation on furniture and equipment		(959,267)
Total noncurrent assets		<u>198,218</u>
Total assets		<u>306,806</u>
Liabilities:		
Current liabilities:		
Accounts payable		5,071
Accrued wages payable		14,619
Accrued expenses		290
Loans payable - due in less than one year		49,580
Total current liabilities		<u>69,560</u>
Noncurrent liabilities:		
Loans payable - due in more than one year		51,004
Total noncurrent liabilities		<u>51,004</u>
Net position:		
Net investment in capital assets		97,634
Unrestricted net position		88,608
Total net position	\$	<u><u>186,242</u></u>

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the year ended August 31, 2020

EXHIBIT D-2

	Governmental Activities
	Internal Service Fund
Operating revenues:	
Local and intermediate sources	\$ 460,120
State program revenues	26,478
Total operating revenues	486,598
Operating expenses:	
Payroll costs	447,483
Professional and contracted services	24,292
Supplies and materials	63,917
Other operating costs	10,646
Depreciation expense	29,797
Total operating expenses	576,135
Operating income (loss)	(89,537)
Nonoperating expenses:	
Debt service - interest expense	(3,638)
Income (loss) before transfers	(93,175)
Transfer in	150,000
Change in net position	56,825
Total net position - beginning	129,417
Total net position - ending	\$ 186,242

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

August 31, 2020

EXHIBIT D-3

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Cash flows from operating activities:	
Cash received from user charges	\$ 460,120
Cash payments to employees for services	(417,634)
Cash payments for suppliers	(97,482)
Cash payments for other operating expenses	(10,645)
Net cash provided (used) by operating activities	(65,641)
Cash flows from non-capital financing activities:	
Increase (decrease) in short-term loans	(48,513)
Net cash provided (used) by non-capital financing activities	(48,513)
Cash flows from capital and related financing activities:	
Payments for interest expense	(3,638)
Capital contributed by other funds	150,000
Net cash provided (used) by capital and related financing activities	146,362
Net increase (decrease) in cash and cash equivalents	32,208
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ 32,208
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (89,537)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	29,797
Effect of increases and decreases in current assets and liabilities:	
Increase (decrease) in accounts payable	(9,273)
Increase (decrease) in accrued wages payable	3,302
Increase (decrease) in accrued expenses	70
Net cash provided (used) by operating activities	\$ (65,641)

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

August 31, 2020

EXHIBIT E-1

	<u>Agency Fund</u> <u>Student Activity</u>
Assets:	
Cash and cash equivalents	\$ <u>156,203</u>
Total assets	\$ <u><u>156,203</u></u>
Liabilities:	
Current liabilities:	
Due to student groups	\$ <u>156,203</u>
Total liabilities	\$ <u><u>156,203</u></u>
Net position:	
Total net position	\$ <u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(1) Summary of significant accounting policies

Ingram Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Government Accounting Standards Board and other authoritative sources. The District complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

Reporting entity

The Board of School Trustees, (the “Board”), a seven-member group, is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “*The Financial Reporting Entity*”. There are no component units included within the reporting entity.

Basis of presentation

Government-wide financial statements: The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the Ingram Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type* activities include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The “grants and contributions” column indicates amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Inter-fund activities between governmental funds appear as due to/due from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures, and changes in fund balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide statement of activities.

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

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(1) Summary of significant accounting policies (continued)

Basis of presentation (continued)

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

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

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

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 when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expensed in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the fund statement of net position. The fund equity is segregated into invested in capital assets net of related debt, restrict net position, and unrestricted net position.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(1) Summary of significant accounting policies (continued)

Fund accounting

The District reports the following major governmental funds:

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

The **debt service fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in the debt service fund.

Additionally, the District reports the following fund type(s):

Governmental funds:

Capital projects fund - The District accounts for proceeds from long-term financing and revenues and expenditures to authorized construction and other capital asset acquisitions in the capital projects fund.

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

Fiduciary funds:

Agency funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency fund is the student activity fund.

Proprietary fund:

Internal service fund - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has one internal service fund.

Other accounting policies

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

The District reports inventories of supplies at cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(1) Summary of significant accounting policies (continued)

Other accounting policies (continued)

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The District's policy for vacation does not allow for vacation time to be accumulated. All vacation must be used yearly or it is lost. Individuals may accumulate and carry over sick leave up to 90 days. Upon leaving employment of the District for any reason, any remaining sick leave, up to 90 days, is paid out at the teacher's substitute rate of pay.

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased for constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	30
Vehicles	10
Buses	10
Office equipment	5-7
Computer equipment	5

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

When the District incurs an expense, for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(1) Summary of significant accounting policies (continued)

Other accounting policies (continued)

The data control codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund categories to make the nature and intent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact.

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board has delegated authority to the Superintendent to establish fund balance assignments.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported on the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent out of committed funds, then assigned funds, and finally unassigned funds.

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

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(1) Summary of significant accounting policies (continued)

Other accounting policies (continued)

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. The fiduciary net position of the 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 other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to other postemployment 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.

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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.

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

(2) Stewardship, compliance and accountability

Budgetary data

The Board of Trustees adopts an "appropriated budget" for the general fund, debt service fund and the food service fund (which is included in the special revenue funds).

The District compares the final amended budget to actual revenues and expenditures. The general fund budget report appears in Exhibit G-1 and the debt service fund appears in J-3.

The following procedures are followed in establishing budgetary data reflected in the general purpose financial statements.

- Prior to August 20th the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(2) Stewardship, compliance and accountability (continued)

Budgetary data (continued)

- Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year, however, none of these were significant changes.
- 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. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

Appropriated budget funds -	
Non-appropriated budget funds	\$ 16,508
All special revenue funds	<u>\$ 16,508</u>

(3) Detailed notes on all funds and account groups

Cash and cash equivalents

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District’s agent bank and in 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. At August 31, 2020, the carrying amount of the District’s deposits (cash accounts) was \$2,546,798 and the bank balance was \$2,626,571. The District’s cash deposits at August 31, 2020 and during the year ended August 31, 2020 were covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name. As of August 31, 2020, the District had \$2,406 of cash on hand.

Public funds investment pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Public Funds Investment Act designed to promote liquidity and safety of principal, it 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 now lower than AAA or AAAM 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.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(3) Detailed notes on all funds and account groups (continued)

Cash and cash equivalents (continued)

The District's investments in Pools are reported at amortized cost. The District believes that the Pools in which it invests operate as required under GASB Statement No. 70, *Certain External Investment Pools and Pool Participants*, to be valued at amortized cost.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; or other observable inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities, and credit spreads; or market-corroborated inputs.
- Level 3 inputs are significant observable inputs.

The carrying amount of investments and fair value hierarchy at August 31, 2020 is shown below:

	<u>August 31, 2020</u>
Cash equivalents measured at amortized cost:	
External investment pools - Lonestar	\$ 1,062,128
Total cash equivalents at amortized cost	<u>1,062,128</u>
Cash with depository	2,546,798
Cash on hand	<u>2,406</u>
Total cash and cash equivalents	<u><u>\$ 3,611,332</u></u>

The District is required by Government Code Chapter 2256, the Public Funds Investment Act ("PFIA"), 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 CDs.

PFIA requires an annual audit of investment practices. Audit procedures in this area, conducted as 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 PFIA. Additionally, investment practices of the District were in accordance with local policies

PFIA determines the types of investments which are allowable for the District. These include, with certain restrictions: (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) CDs; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust funds.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(3) Detailed notes on all funds and account groups (continued)

Cash and cash equivalents (continued)

Interest rate risk

Interest rate risk: Generally, interest rate risk recognizes that changes in interest rates could adversely affect the value of investments. The District does not purchase any investments with maturities greater than one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment within the legal limits of five (5) years. The District uses its investments in the investment pools to mitigate interest rate risk.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the specific investments and their maturity:

	Carrying Amount	Weighted Average Maturity (days)
Local Government Investment Pools		
Lone Star	\$ 1,062,128	24
Total investment pools	\$ 1,062,128	
Portfolio weighted average maturity		24

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the District’s investment policy and PFIA and the actual rating as of year-end for each investment as noted by Standard & Poor’s:

	Minimum Legal Rating	Investment Rating	Rating Organization
Lone Star	AAA	AAA	Standard & Poor’s

Concentration of credit risk

The District is required to disclose investments in any one issuer that represents 5% or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by PFIA.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(3) Detailed notes on all funds and account groups (continued)

Property taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District and 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 31 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.

Delinquent taxes receivable

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

Interfund receivables and payables

The District had interfund receivables or payables at August 31, 2020 as follows:

	<u>Due From</u>	<u>Due To</u>
General operating fund:		
Special revenue	\$ 106,324	\$ -
Debt service	-	3,785
Internal service	-	76,380
Debt service:		
General operating fund	3,785	-
Special revenue fund:		
General operating fund	-	106,324
Internal service fund		
General operating fund	<u>76,380</u>	<u>-</u>
Total	<u>\$ 186,489</u>	<u>\$ 186,489</u>

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(3) Detailed notes on all funds and account groups (continued)

Capital asset activity

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Deletions	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 678,899	\$ -	\$ -	\$ 678,899
Total capital assets not being depreciated	678,899	-	-	678,899
Capital assets being depreciated:				
Buildings and improvements	33,779,474	45,185	-	33,824,659
Furniture and equipment	2,901,173	113,274	-	3,014,447
Total capital assets being depreciated	36,680,647	158,459	-	36,839,106
Less: accumulated depreciation for:				
Buildings and improvements	14,876,189	999,773	-	15,875,962
Furniture and equipment	2,590,596	70,120	-	2,660,716
Total accumulated depreciation	17,466,785	1,069,893	-	18,536,678
Total capital assets being depreciated, net	19,213,862	(911,434)	-	18,302,428
Governmental activities capital assets, net	\$ 19,892,761	\$ (911,434)	\$ -	\$ 18,981,327

Depreciation expense was charged to:

	Amount
Instruction	\$ 669,114
Instruction resources	4,369
Curriculum	20,930
Instructional leadership	14,228
School leadership	75,767
Guidance, counseling, and evaluation services	33,421
Health services	9,270
Student (pupil) transportation	29,797
Food services	70,956
Co-curricular/extracurricular activities	50,534
General administration	53,629
Security and monitoring	5,409
Data processing	32,469
Total depreciation expense	\$ 1,069,893

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(3) Detailed notes on all funds and account groups (continued)

Bonds and notes payable

Current requirements for principal and interest expenditures of bonded indebtedness are accounted for in the debt service fund.

The summary of changes in long-term debt for the year ended August 31, 2020 is as follows:

	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
Bonds:						
2014 Building bonds	2.00-4.00%	\$ 8,705,000	\$ -	\$ 100,000	\$ 8,605,000	\$ 105,000
2014 QSCB	0.00%	650,000	-	70,000	580,000	70,000
2015 Building and refunding bonds	2.00-4.00%	<u>3,460,000</u>	-	<u>455,000</u>	<u>3,005,000</u>	<u>465,000</u>
Total bonds		<u>12,815,000</u>	-	<u>625,000</u>	<u>12,190,000</u>	<u>640,000</u>
Other notes payable:						
2011 Energy management loan	3.00%	117,833	-	60,732	57,101	57,101
2017 Bus loan	2.40%	149,097	-	48,513	100,584	49,580
2017 Maintenance tax note	2.13%	<u>815,000</u>	-	<u>95,000</u>	<u>720,000</u>	<u>95,000</u>
Total other liabilities		<u>1,081,930</u>	-	<u>204,245</u>	<u>877,685</u>	<u>201,681</u>
Total liabilities		<u>13,896,930</u>	-	<u>829,245</u>	<u>13,067,685</u>	<u>841,681</u>
Other long-term liabilities:						
Amortization of bond premium		848,384	-	49,368	799,016	-
Compensated absences		<u>145,437</u>	<u>64,855</u>	<u>49,210</u>	<u>161,082</u>	-
Total other		<u>993,821</u>	<u>64,855</u>	<u>98,578</u>	<u>960,098</u>	-
Total governmental activities - long-term liabilities		<u>\$ 14,890,751</u>	<u>\$ 64,855</u>	<u>\$ 927,823</u>	<u>\$ 14,027,783</u>	<u>\$ 841,681</u>

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(3) Detailed notes on all funds and account groups (continued)

Bonds and notes payable (continued)

Debt service requirements for the general obligation bonds are as follows:

Year Ended August 31,	Governmental Obligations		Total Requirements
	Principal	Interest	
2021	\$ 640,000	\$ 440,225	\$ 1,080,225
2022	660,000	427,775	1,087,775
2023	595,000	410,075	1,005,075
2024	610,000	394,325	1,004,325
2025	635,000	374,025	1,009,025
2026-2030	3,465,000	1,520,900	4,985,900
2031-2035	4,120,000	800,400	4,920,400
2036-2037	1,465,000	88,400	1,553,400
Total	<u>\$ 12,190,000</u>	<u>\$ 4,456,125</u>	<u>\$ 16,646,125</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2020.

Debt service requirements for notes and leases are accounted for in the general operating fund.

Debt service requirements for the notes and leases are as follows:

Year Ended August 31,			Total Requirements
	Principal	Interest	
2021	\$ 201,681	\$ 19,081	\$ 220,762
2022	151,004	14,205	165,209
2023	100,000	11,183	111,183
2024	105,000	9,053	114,053
2025	105,000	6,816	111,816
2026-2027	215,000	6,727	221,727
Total	<u>\$ 877,685</u>	<u>\$ 67,065</u>	<u>\$ 944,750</u>

Loans

The District accounts for secured debt through the appropriate funds. These include notes in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans (except those issued and liquidated within one year) are shown in the financial statements as other resources, and principal payments are shown as other uses.

Accumulated unpaid vacation and sick leave benefits

The District's policy for vacation does not allow for vacation time to be accumulated. All vacation must be used annually or it is lost. Individuals may accumulate and carry over sick leave up to 90 days. Upon leaving the employment of the District for any reason, any remaining sick leave up to 90 days is paid out at the teacher's substitute rate of pay.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(4) Defined benefit pension plan

Plan description. The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article 16, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension plan fiduciary net position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued comprehensive annual financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.state.tx.us/about/documents/cafr>, 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 postemployment benefit changes; including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increase 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 members contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(4) Defined benefit pension plan (continued)

<u>Contribution Rates</u>	<u>2019</u>	<u>2020</u>
Member (employees)	7.70%	7.70%
Non-employer contributing entity (State of Texas)	6.80%	6.80%
Employer (District)	6.80%	6.80%

<u>Contributions</u>		
Member (employees)	\$ 571,811	\$ 661,383
Non-employer contributing entity (State of Texas)	391,791	520,463
Employer (District)	238,665	269,702

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 source or 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent 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 percent of covered payroll to the pension fund beginning in fiscal year 2020. The 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(4) Defined benefit pension plan (continued)

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

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05% including inflation
Last year in the projection period (100 years)	2116
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None
Municipal bond rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data/YieldCurve/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".

The actuarial assumptions used in 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 pension plan investments of 7.25 percent. The projection of cash flows used to determine the 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 employers and state contributions for and active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return 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.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(4) Defined benefit pension plan (continued)

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

Asset Class	FY 2019 Target Allocation*	New Target Allocation **	Long-Term Expected Geometric Real Rate of Return***
<u>Global Equity</u>			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
<u>Stable Value</u>			
U.S. Treasuries ****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return (including Credit Sensitive Investments)	0.0%	0.0%	0.0%
<u>Real Return</u>			
Global Inflation Linked Bonds ****	3.0%	0.0%	0.0%
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources, and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
<u>Risk Parity</u>			
Risk Parity	5.0%	8.0%	5.8%/6.5% *****
Asset Allocation Leverage Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	0.0%	-6.0%	2.7%
Expected Return	<u>100.0%</u>	<u>100.0%</u>	<u>7.23%</u>

* FY 2019 Target allocation based on the Strategic Asset Allocation dated 10/1/2018.

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

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

**** New Target Allocation groups Government Bonds within the stable value allocation.

This includes global sovereign nominal and inflation-linked bonds.

***** 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 <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase in Discount Rate <u>(8.25%)</u>
Proportionate share of the net pension liability	<u>\$ 5,574,138</u>	<u>\$ 3,626,292</u>	<u>\$ 2,048,161</u>

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(4) Defined benefit pension plan (continued)

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 \$3,626,292 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 3,626,292
State's proportionate share that is associated with the District	<u>5,383,110</u>
 Total	 <u>\$ 9,009,402</u>

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0059625% which was an increase of 0.0010134% from its proportion measured as of August 31, 2018.

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$845,611 and revenue of \$845,611 for support provided by the state.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(4) Defined benefit pension plan (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 15,234	\$ 125,911
Changes in actuarial assumptions	1,125,054	464,926
Differences between projected and actual investment earnings	36,412	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	679,902	187,062
Contributions paid to TRS subsequent to the measurement date	269,702	-
Total as of fiscal year end	\$ 2,126,304	\$ 777,899

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 Amount
2021	\$ 285,778
2022	241,704
2023	255,208
2024	213,888
2025	93,674
Thereafter	(11,549)
	\$ 1,078,703

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(5) Defined other postemployment benefit plans

Plan description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other postemployment 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. Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible retirees and dependents enrolled in 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 postemployment benefit changes; including automatic COLAs.

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

TRS-Care Plan Premium Rates		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

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.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(5) Defined other postemployment benefit plans (continued)

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.

	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2020</u>
Active employee	0.65%	0.65%
Non-employer contributing entity (state)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%
District contributions	\$ 66,879	\$ 72,060
Member contributions	48,017	55,379
NECE on-behalf contributions	72,020	108,892

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 was determined using the following actuarial assumptions:

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

- Rates of mortality
- Rates of retirement
- Rates of termination
- Rates of disability incidence
- General inflation
- Wage inflation
- Expected payroll growth

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(5) Defined other postemployment benefit plans (continued)

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 claims costs.
Salary increases	3.50% to 9.50%, including inflation
Healthcare trend rates	6.75% to 9.00%
Election rates	Normal retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc postemployment benefit changes	None

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

Discount rate sensitivity analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
	<hr/>	<hr/>	<hr/>
District’s proportionate share of the net OPEB liability	\$ 5,480,105	\$ 4,539,062	\$ 3,802,885
	<hr/>	<hr/>	<hr/>

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(5) Defined other postemployment benefit plans (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEBs.

At August 31, 2019, the District reported a liability of \$4,539,062 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	\$ 4,539,062
State’s proportionate share that is associated with District	<u>6,031,399</u>
Total	<u>\$ 10,570,461</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 the 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 0.0095981082% compared to 0.0092923597% as of August 31, 2019.

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 8.50% rate used.

	<u>1% Decrease in Healthcare Trend Rate (7.50%)</u>	<u>Current Single Healthcare Trend Rate (8.50%)</u>	<u>1% Increase in Healthcare Trend Rate (9.50%)</u>
District’s proportionate share of the net OPEB liability	<u>\$ 3,702,808</u>	<u>\$ 4,539,062</u>	<u>\$ 5,659,260</u>

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 total OPEB liability (TOL).
- The health care trend rates were reset to better reflect the plan’s anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 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 65. There was no lapse assumption in prior valuation. These changes decreased the TOL.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(5) Defined other postemployment benefit plans (continued)

Changes since the prior actuarial valuation (continued)

- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of benefit terms since the prior measurement date – there were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$158,963 and revenue of \$158,963 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
	<u> </u>	<u> </u>
Differences between expected and actual economic experiences	\$ 222,680	\$ 742,770
Changes in actuarial assumptions	252,110	1,220,897
Differences between projected and actual investment earnings	490	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	169,170	773,090
Contributions paid to TRS subsequent of the measurement date	<u>72,060</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 716,510</u>	<u>\$ 2,736,757</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,	Pension Expense Amount
<u> </u>	<u> </u>
2021	\$ (339,225)
2022	(339,225)
2023	(339,383)
2024	(339,474)
2025	(339,449)
Thereafter	<u>(395,551)</u>
Total	<u>\$ (2,092,307)</u>

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(6) Due from other governments

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

	Local Government	State Entitlements	Federal Grants	Total
General	\$ 3,719	\$ 457,760	\$ -	\$ 461,479
Special revenue	-	-	94,454	94,454
Total	\$ 3,719	\$ 457,760	\$ 94,454	\$ 555,933

(7) Revenue from local and intermediate sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Transportation	Total
Property taxes	\$ 5,640,123	\$ -	\$ 1,191,422	\$ -	\$ 6,831,545
Penalties and interest	53,015	-	10,636	-	63,651
Tuition and fees	117,589	-	-	-	117,589
Investment income	37,365	-	10,010	-	47,375
Food sales	38,212	-	-	-	38,212
Co-curricular activities	20,111	26,630	-	-	46,741
Other	114,314	-	-	460,120	574,434
Total	\$ 6,020,729	\$ 26,630	\$ 1,212,068	\$ 460,120	\$ 7,719,547

(8) Litigation

The District was involved in a contract dispute over amounts owed to a construction contractor at August 31, 2020. Subsequent to year-end, a settlement agreement was reached for the District to pay the contractor \$76,000.

(9) Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collect ability of any related receivable at August 31, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2020

(10) Workers' compensation pool

During the year ended August 31, 2020, Ingram ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. The Districts participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

As a self-funded member of the TASB Risk Management Fund, Ingram ISD is solely responsible for all claim cost, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service.

The member is protected against higher than expected claims costs through the purchase of stop loss coverage.

The Fund engages the services of an independent auditor to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

(11) 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 drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf of Ingram Independent School District for fiscal years 2020, 2019 and 2018 were \$26,732, \$22,033 and \$21,308 respectively.

(12) Net position deficit

At August 31, 2020, the District has a deficit unrestricted net position in the government-wide statement of net position of \$6,514,036. This deficit is due to the recognition of the District's proportionate share of the net pension liability for TRS and net OPEB liability for TRS-Care totaling \$8,165,354 in accordance with GASB Statement No. 68 and No. 75.

REQUIRED SUPPLEMENTARY INFORMATION

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

INGRAM INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND**

For the year ended August 31, 2020

EXHIBIT G-1

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	Revenues:				
5700	Local and intermediate sources	\$ 5,949,000	\$ 6,071,000	\$ 6,020,729	\$ (50,271)
5800	State program revenues	6,621,000	6,621,000	6,549,778	(71,222)
5900	Federal program revenues	<u>887,000</u>	<u>887,000</u>	<u>826,064</u>	<u>(60,936)</u>
5020	Total revenues	<u>13,457,000</u>	<u>13,579,000</u>	<u>13,396,571</u>	<u>(182,429)</u>
	Expenditures:				
	Current:				
0011	Instruction	6,945,447	6,935,447	6,832,641	102,806
0012	Instructional resources and media services	40,670	24,670	18,354	6,316
0013	Curriculum and instructional staff development	231,895	210,895	204,355	6,540
0021	Instructional leadership	169,784	159,784	152,918	6,866
0023	School leadership	826,928	851,928	845,051	6,877
0031	Guidance, counseling, and evaluation services	195,839	260,839	270,664	(9,825)
0033	Health services	103,267	109,267	103,396	5,871
0034	Student (pupil) transportation	490,000	390,000	384,362	5,638
0035	Child nutrition	841,750	851,750	791,388	60,362
0036	Extracurricular activities	675,387	555,387	540,931	14,456
0041	General administrative	605,495	645,495	598,142	47,353
0051	Facilities maintenance and operations	1,645,465	1,627,465	1,553,579	73,886
0052	Security and monitoring services	58,562	58,562	34,959	23,603
0053	Data processing services	323,586	388,586	427,897	(39,311)
	Debt service:				
0071	Principal on long-term debt	176,925	176,925	155,732	21,193
0072	Interest on long-term debt	-	-	20,191	(20,191)
	Intergovernmental:				
0099	Other intergovernmental charges	<u>126,000</u>	<u>332,000</u>	<u>121,401</u>	<u>210,599</u>
6030	Total expenditures	<u>13,457,000</u>	<u>13,579,000</u>	<u>13,055,961</u>	<u>523,039</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>340,610</u>	<u>340,610</u>
	Other financing sources (uses):				
7915	Transfers in (use)	-	-	6,264	6,264
8911	Transfers out (use)	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
1200	Net change in fund balance	-	-	196,874	196,874
0100	Fund balance - beginning	<u>1,943,239</u>	<u>1,943,239</u>	<u>1,943,239</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 1,943,239</u>	<u>\$ 1,943,239</u>	<u>\$ 2,140,113</u>	<u>\$ 196,874</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST 10 FISCAL YEARS**

EXHIBIT G-3

	FOR THE PLAN YEAR ENDED AUGUST 31,					
	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0069759%	0.0059625%	0.0067247%	0.0064876%	0.006045100%	0.003315700%
District's proportionate share of net pension liability (asset)	\$ 3,626,292	\$ 3,281,912	\$ 2,150,183	\$ 2,451,550	\$ 2,136,862	\$ 885,670
State's proportionate share of the net pension liability (asset) associated with the District	<u>5,383,110</u>	<u>5,815,977</u>	<u>3,624,324</u>	<u>4,342,812</u>	<u>4,231,887</u>	<u>3,515,765</u>
Total	<u>\$ 9,009,402</u>	<u>\$ 9,097,889</u>	<u>\$ 5,774,507</u>	<u>\$ 6,794,362</u>	<u>\$ 6,368,749</u>	<u>\$ 4,401,435</u>
District's covered payroll	<u>\$ 8,589,387</u>	<u>\$ 7,426,115</u>	<u>\$ 7,041,648</u>	<u>\$ 6,922,068</u>	<u>\$ 6,554,897</u>	<u>\$ 6,080,312</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.22%	44.19%	30.54%	35.42%	32.60%	14.57%
Plan fiduciary net position as a percentage of the total net pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll	104.89%	122.51%	82.01%	98.16%	97.16%	72.39%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates ending August 31 preceding the Districts fiscal year end.

Note: Only six years of data are 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".

**INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR
NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST 10 FISCAL YEARS**

EXHIBIT G-4

	FOR THE FISCAL YEAR ENDED AUGUST 31,					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 269,702	\$ 238,665	\$ 200,862	\$ 220,905	\$ 206,126	\$ 179,309
Contribution in relation to the contractually required contribution	<u>(269,702)</u>	<u>(238,665)</u>	<u>(200,862)</u>	<u>(220,905)</u>	<u>(206,126)</u>	<u>(179,309)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 9,448,330</u>	<u>\$ 7,426,115</u>	<u>\$ 7,071,394</u>	<u>\$ 7,041,648</u>	<u>\$ 6,922,072</u>	<u>\$ 6,554,897</u>
Contribution as a percentage of covered payroll	2.85%	3.21%	2.84%	3.14%	2.98%	2.74%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time period covered by the measurement dates ending August 31 for the respective fiscal years.

Note: Only six years of data are 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".

INGRAM INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST 10 FISCAL YEARS**

For the year ended August 31, 2020

EXHIBIT G-5

For the plan year ended August 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net liability (asset) for other postemployment benefits	0.0096%	0.0093%	0.0109%
District's proportionate share of net other postemployment benefit liability (asset)	\$ 4,539,062	\$ 4,639,760	\$ 4,740,819
State's proportionate share of the net other postemployment benefit liability (asset) associated with the District	<u>6,031,399</u>	<u>5,754,227</u>	<u>5,388,109</u>
Total	<u>\$ 10,570,461</u>	<u>\$ 10,393,987</u>	<u>\$ 10,128,928</u>
District's covered payroll	<u>\$ 8,589,381</u>	<u>\$ 7,426,115</u>	<u>\$ 7,041,648</u>
District's proportionate share of the net other postemployment benefit liability (asset) as a percentage of its covered payroll	52.85%	62.48%	67.33%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	2.66%	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported above are reported as of the measurement period preceding the District's fiscal year end.

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

INGRAM INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTION FOR
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST 10 FICAL YEARS**

For the year ended August 31, 2020

EXHIBIT G-6

For the fiscal year ended August 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 72,060	\$ 66,879	\$ 64,104
Contribution in relation to the contractually required contribution	<u>(72,060)</u>	<u>(66,879)</u>	<u>(64,104)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 9,448,330</u>	<u>\$ 7,426,115</u>	<u>\$ 7,071,394</u>
Contribution as a percentage of covered payroll	0.76%	0.90%	0.91%

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

OTHER SUPPLEMENTARY INFORMATION

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

INGRAM INDEPENDENT SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

August 31, 2020

Data Control Codes		211 ESEA Title I, A Improving Basic Programs	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from other governments	43,384	16,759	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total assets	<u>\$ 43,384</u>	<u>\$ 16,759</u>	<u>\$ -</u>	<u>\$ -</u>
	Liabilities				
2110	Accounts payable	\$ 8,168	\$ 420	\$ -	\$ -
2160	Accrued wages payable	21,018	14,727	-	-
2170	Due to other funds	12,182	-	-	-
2200	Accrued expenditures	2,016	1,612	-	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>43,384</u>	<u>16,759</u>	<u>-</u>	<u>-</u>
	Fund balances				
	Restricted fund balance:				
3450	Grant funds	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 43,384</u>	<u>\$ 16,759</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-1

244 Career and Technical Basic Grant	255 ESEA II, A Training and Recruiting	263 English Language Enhancement	266 ESSER Grant	270 ESEA VI, B Rural and Low Income	276 School Improvement Grant	287 Education Jobs Fund	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,184	-	16,302	971	10,500	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	67,340	-	-	-	-
<u>\$ -</u>	<u>\$ 3,184</u>	<u>\$ -</u>	<u>\$ 83,642</u>	<u>\$ 971</u>	<u>\$ 10,500</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 971	\$ -	\$ -	\$ -
-	2,871	-	-	-	-	-	-
-	-	-	83,642	-	10,500	-	-
-	313	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,184	-	83,642	971	10,500	-	-
<u>\$ -</u>	<u>\$ 3,184</u>	<u>\$ -</u>	<u>\$ 83,642</u>	<u>\$ 971</u>	<u>\$ 10,500</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,184</u>	<u>\$ -</u>	<u>\$ 83,642</u>	<u>\$ 971</u>	<u>\$ 10,500</u>	<u>\$ -</u>	<u>\$ -</u>

INGRAM INDEPENDENT SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

August 31, 2020

Data Control Codes		385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	427 School Safety And Security Grant	428 Blended Learning Grant
	Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 16,000
1240	Receivables from other governments	-	-	390	2,964	-
1290	Other receivables	-	-	-	-	-
1300	Inventories	-	-	-	-	-
1400	Prepays	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1000	Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ 2,964</u>	<u>\$ 16,000</u>
	Liabilities					
2110	Accounts payable	\$ -	\$ -	\$ 390	\$ -	\$ -
2160	Accrued wages payable	-	-	-	2,900	-
2170	Due to other funds	-	-	-	-	-
2200	Accrued expenditures	-	-	-	64	-
2300	Unearned revenue	-	-	-	-	16,000
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
2000	Total liabilities	<u>-</u>	<u>-</u>	<u>390</u>	<u>2,964</u>	<u>16,000</u>
	Fund balances					
	Restricted fund balance:					
3450	Grant funds	-	-	-	-	-
3490	Other restrictions of fund balance	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ 2,964</u>	<u>\$ 16,000</u>

EXHIBIT H-1 (CONTINUED)

429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Fund
\$ 20,731	\$ 16,871	\$ 53,602
-	-	94,454
-	-	-
-	-	-
-	-	67,340
<u>\$ 20,731</u>	<u>\$ 16,871</u>	<u>\$ 215,396</u>
\$ 720	\$ 363	\$ 11,032
-	-	41,516
-	-	106,324
-	-	4,005
20,011	-	36,011
<u>20,731</u>	<u>363</u>	<u>198,888</u>
-	-	-
-	16,508	16,508
-	16,508	16,508
<u>\$ 20,731</u>	<u>\$ 16,871</u>	<u>\$ 215,396</u>

INGRAM 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 Title I, A Improving Basic Programs	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	<u>360,221</u>	<u>233,400</u>	<u>3,957</u>	-
5020	Total revenues	<u>360,221</u>	<u>233,400</u>	<u>3,957</u>	-
	Expenditures				
	Current:				
0011	Instruction	251,299	211,287	3,957	-
0012	Instruction resources and media service	30,379	-	-	-
0013	Curriculum and staff development	-	-	-	-
0021	Instructional leadership	-	5,768	-	-
0031	Guidance, counseling, and evaluation services	78,543	16,345	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
6030	Total expenditures	<u>360,221</u>	<u>233,400</u>	<u>3,957</u>	-
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other financing sources (uses)				
8911	Transfer out	-	-	-	(6,264)
7020	Total other financing sources	-	-	-	(6,264)
1200	Net change in fund balance	-	-	-	(6,264)
0100	Fund balance - beginning	-	-	-	6,264
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

EXHIBIT H-2

244 Career and Technical Basic Grant	255 ESEA II, A Training and Recruiting	263 English Language Enhancement	266 ESSER Grant	270 ESEA VI, B Rural and Low Income	276 School Improvement Grant	287 Education Jobs Fund	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	414	-	-	-	-
<u>12,816</u>	<u>35,863</u>	<u>2,499</u>	<u>16,302</u>	<u>25,384</u>	<u>10,500</u>	<u>2,671</u>	<u>25,372</u>
<u>12,816</u>	<u>35,863</u>	<u>2,499</u>	<u>16,716</u>	<u>25,384</u>	<u>10,500</u>	<u>2,671</u>	<u>25,372</u>
11,846	35,863	2,499	-	25,384	-	2,671	-
-	-	-	-	-	-	-	-
970	-	-	16,716	-	10,500	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	25,372
<u>12,816</u>	<u>35,863</u>	<u>2,499</u>	<u>16,716</u>	<u>25,384</u>	<u>10,500</u>	<u>2,671</u>	<u>25,372</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

INGRAM 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		385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	427 School Safety And Security Grant	428 Blended Learning Grant
	Revenues					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	1,800	9	72,696	2,964	-
5900	Federal program revenues	-	-	-	-	-
5020	Total revenues	<u>1,800</u>	<u>9</u>	<u>72,696</u>	<u>2,964</u>	<u>-</u>
	Expenditures					
	Current:					
0011	Instruction	1,800	-	72,696	2,964	-
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and staff development	-	-	-	-	-
0021	Instructional leadership	-	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	9	-	-	-
0035	Food services	-	-	-	-	-
0036	Extracurricular activities	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-
6030	Total expenditures	<u>1,800</u>	<u>9</u>	<u>72,696</u>	<u>2,964</u>	<u>-</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other financing sources (uses)					
8911	Transfers out	-	-	-	-	-
7020	Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2 (CONTINUED)

429 Math Achievemnet Acadamies	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ 26,630	\$ 26,630
9,380	-	87,263
-	-	<u>728,985</u>
<u>9,380</u>	<u>26,630</u>	<u>842,878</u>
1,288	-	623,554
-	-	30,379
899	-	29,085
-	-	5,768
7,193	-	102,090
-	-	-
-	22,684	22,684
-	-	<u>25,372</u>
<u>9,380</u>	<u>22,684</u>	<u>838,932</u>
-	<u>3,946</u>	<u>3,946</u>
-	-	<u>(6,264)</u>
-	-	<u>(6,264)</u>
-	<u>3,946</u>	<u>(2,318)</u>
-	<u>12,562</u>	<u>18,826</u>
<u>\$ -</u>	<u>\$ 16,508</u>	<u>\$ 16,508</u>

INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the year ended August 31, 2020

<u>Year Ended August 31,</u>	(1) Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	<u>Maintenance</u>	<u>Debt Service</u>	
2011 and prior years	Various	Various	\$ 1,250,080,636
2012	1.040000	0.078600	439,798,945
2013	1.040000	0.078600	451,184,785
2014	1.040000	0.078600	461,578,938
2015	1.040000	0.230000	459,229,790
2016	1.040000	0.220000	462,560,169
2017	1.040000	0.215000	486,502,734
2018	1.040000	0.205000	518,590,254
2019	1.040000	0.205000	551,768,613
2020 (school year under audit)	0.970000	0.205000	589,532,978
1000 Totals			

EXHIBIT J-1

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 22,741	\$ -	\$ 1,593	\$ 189	\$ -	\$ 20,959
7,093	-	123	9	-	6,961
9,893	-	875	66	-	8,952
15,514	-	763	58	-	14,693
20,220	-	775	171	97	19,371
21,051	-	4,362	921	2,453	18,221
31,841	-	7,428	1,536	2,767	25,644
39,380	-	8,878	1,750	615	29,367
114,776	-	49,127	9,596	(601)	55,452
-	<u>6,927,012</u>	<u>5,566,199</u>	<u>1,177,126</u>	<u>(58,679)</u>	<u>125,008</u>
\$ 282,509	\$ 6,927,012	\$ 5,640,123	\$ 1,191,422	\$ (53,348)	\$ 324,628

INGRAM INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND**

For the year ended August 31, 2020

EXHIBIT J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 1,187,000	\$ 1,187,000	\$ 1,212,068	\$ 25,068
5800	State program revenues	<u>25,000</u>	<u>25,000</u>	<u>38,685</u>	<u>13,685</u>
5020	Total revenues	<u>1,212,000</u>	<u>1,212,000</u>	<u>1,250,753</u>	<u>38,753</u>
	Expenditures				
	Debt service:				
0071	Principal on long-term debt	620,000	620,000	625,000	(5,000)
0072	Interest on long-term debt	466,500	466,500	452,325	14,175
0073	Bond issuance costs and fees	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
	Total debt service	<u>1,088,000</u>	<u>1,088,000</u>	<u>1,078,825</u>	<u>9,175</u>
6030	Total expenditures	<u>1,088,000</u>	<u>1,088,000</u>	<u>1,078,825</u>	<u>9,175</u>
1200	Net change in fund balance	124,000	124,000	171,928	47,928
0100	Fund balance - beginning	<u>543,229</u>	<u>543,229</u>	<u>543,229</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 667,229</u>	<u>\$ 667,229</u>	<u>\$ 715,157</u>	<u>\$ 47,928</u>

FEDERAL AWARDS SECTION



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

To the Board of School Trustees
Ingram Independent School District
Ingram, 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 Ingram Independent School District (the District) as of and for the year ended August 31, 2020, and the related notes to the financial statements which collectively comprise of the District's basic financial statements, and have issued our report thereon dated January 25, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas
January 25, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of School Trustees
Ingram Independent School District
Ingram, Texas

Report on Compliance for Each Major Federal Program

We have audited Ingram Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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.

ABIP, PC

San Antonio, Texas
January 25, 2021

INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended August 31, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS		
Type of auditor’s report issued:	<u>Unmodified</u>	
Internal control over financial reporting: • Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

FEDERAL AWARDS		
Internal control over financial reporting: • Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None Reported
Type of auditor’s report issued on compliance for Major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u> </u> Yes	<u> X </u> No

IDENTIFICATION OF MAJOR PROGRAMS		
	CFDA Number(s)	Name of Federal Program or Cluster
	10.553/10.555	Child Nutrition Program Cluster
	Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
	Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

SECTION II – FINANCIAL STATEMENT FINDINGS:

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

INGRAM INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year ended August 31, 2020

None

INGRAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2020

EXHIBIT K-1

(1)	(2)	(3)	(4)
Federal Grantor / Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through Education Resource Center Region 20:			
Title I, Part C - Carl D. Perkins Career Tech	84.048A	20420006133904	\$ 7,039
Title III, Part A - ELA and Language Enhancement	84.365A	20671001133904	<u>2,499</u>
Total passed through Education Service Center Region 20			<u>9,538</u>
Passed through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	20610101133904	316,837
ESEA Title I, Part A - Improving Basic Programs	84.010A	21610101133904	<u>43,384</u>
Total CFDA Number 84.010A			<u>360,221</u>
ESEA Title IV, Part A - SSAEP	84.424A	20680101133904	<u>25,372</u>
ESEA, Title V, Part B - Rural & Low Income Program	84.358B	20696001133904	<u>25,384</u>
ESEA, Title VI, Part A - LEP Summer School	84.369A	2069551802	<u>2,671</u>
IDEA - Part B, Formula *	84.027	206600011339046600	233,400
IDEA - Part B, Preschool *	84.173	206610011339046600	<u>3,957</u>
Total Special Education Cluster (IDEA B)			<u>237,357</u>
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	20694501133904	32,679
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	21694501133904	<u>3,184</u>
Total CFDA Number 84.367A			<u>35,863</u>
Career and Technical - Basic Grant	84.048A	204200287110039	<u>5,777</u>
Instructional Continuity	84.377A	17610740133904	<u>10,500</u>
ESSER Elementary and Secondary School Emergency Relief	84.425D	20521001133904	<u>16,302</u>
Total passed through State Department of Education			<u>719,447</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>728,985</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State Department of Agriculture			
School Breakfast Program *	10.553	133-904	246,471
National School Lunch Program-cash assistance *	10.555	133-904	363,258
National School Lunch Program-non-cash assistance *	10.555	133-904	<u>47,118</u>
Total CFDA Number 10.555			<u>410,376</u>
Total Child Nutrition Cluster			<u>656,847</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>656,847</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed through State Department of Emergency Management			
Coronavirus Relief Fund	21.019	133-904	<u>65,662</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,451,494</u>
School Health and Related Services (SHARS)			103,459
E-Rate Revenue			65,758
Coronavirus Relief Funds Revenue not recognized in FY 2020			<u>(65,662)</u>
TOTAL FEDERAL REVENUE PER EXHIBIT C-3			<u>\$ 1,555,049</u>

* Clustered Programs

INGRAM INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2020

For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a special revenue fund or, in some instances, in the general fund which are governmental fund type accounts.

With this measurement focus, only current assets and current liabilities and the fund balances are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

The period performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, Uniform Guidance Compliance Supplement.

Non-cash USDA donated commodities received like-kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of these goods was \$47,457 for the year ended August 31, 2020.

The United States Department of Education has given the Texas Education Agency (TEA) authority to issue indirect cost rates for Texas School Districts and Charter Schools. To recover any indirect costs, the District must request and receive new indirect cost rates for every school year allowed by the Uniform Guidance Part 200.57.

The District has not elected to use the 10% de minimis indirect cost rates.

INGRAM INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

For the year ended August 31, 2020

EXHIBIT L-1

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