

Hays Consolidated Independent School District

Kyle, Texas



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Prepared by the Financial Services Department

Randall Rau, CPA
Rebecca Palmer

Chief Financial Officer
Director of Finance

Hays Consolidated Independent School District

Kyle, Texas

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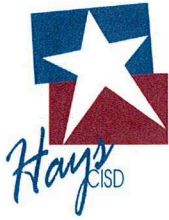
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21003 N IH 35, Kyle, Texas 78640
Phone (512) 268-2141
Fax (512) 268-2147

January 25, 2021

Esperanza Orosco, President
Board of Trustees
Hays Consolidated Independent School District
21003 N IH 35
Kyle, TX 78640

Dear Mrs. Orosco and Members of the Board:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. Due to COVID-19, on Tuesday November 17th TEA granted the District a waiver from the November 27th original due date requirements for filing the Comprehensive Annual Financial Report. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to the requirement, we hereby issue the Comprehensive Annual Financial Report of the Hays Consolidated Independent School District (the District) for the twelve month period ended June 30, 2020. The District's Financial Services Department prepares the report.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Federal Awards. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The management's discussion and analysis in the Financial section provides an overview of the financial position and results of operations for the year. The Financial section also includes the auditors' report, the basic financial statements, including the Government Wide Financial Statements and the Governmental Fund Financial Statements, the combining schedules and required supplementary information. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Federal Awards section includes the schedule of federal awards, auditors' reports and the schedule of findings for both current and prior years.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. In order to provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the District's assets from loss, theft or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Maxwell Locke & Ritter LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Federal Awards section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The District and Its Services

Hays Consolidated Independent School District was formed on May 6, 1967, through the consolidation of Kyle Independent School District, Buda County-Line Independent School District and Wimberley Rural High School District. The Wimberley School District withdrew from the consolidation in September 1986 and created Wimberley Independent School District. The District comprises 212 square miles of land, or approximately half of the total area of Hays County, with small portions extending into Travis and Caldwell Counties. The District includes the cities of Kyle and Buda, both of which are located within Hays County on Interstate Highway 35 between Austin and San Marcos. The District also includes the cities of Hays, Uhlend, Niederwald and Driftwood.

The District is governed by a seven member Board of Trustees (the Board). The Trustees serve three-year staggered terms with elections being held every year. Monthly meetings of the Board are posted and advertised as prescribed under state law so that the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or study sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

The Board meets annually to set goals for the District. The goals are both long-term and short-term in an effort to focus resources and efforts on specific areas, as well as set high standards for the students and staff of the District. They are reviewed and revised by the Board periodically.

Mission Statement - The mission of Hays CISD is to nurture students to become extraordinary citizens through unique, personal educational experiences through an innovative community of learners while celebrating our diversity and legacy.

Vision Statement - All Hays CISD learners will be:

- academically prepared for college, career, and life
- effective communicators and collaborators
- globally competent and competitive
- prepared for life and citizenship

Beliefs - We believe:

- Decision making is student-focused
- All students have the capacity to learn and be successful
- A safe and secure environment is essential
- Success is a shared investment that includes learners, educators, parents and the community
- In treating our educators and staff with dignity and respect
- The allocation of resources will support high quality learning
- An educated populace is essential to democracy
- High expectations lead to high achievement
- Open communication, transparency, and accountability build trust
- Inspired learning is the foundation of lifelong success
- Diverse and varied opportunities further learning
- Student success includes a well-rounded education that goes beyond standardized testing

Board and Superintendent Goals for 2020-2021 (adopted September 28, 2020)

Hays CISD believes in the achievement of every student. The District will evaluate and address the individual needs of each student. Students and parents/guardians will receive academic advising and will utilize data, based upon aptitude, ability, and career inventory data, to formulate their plan of study for high school credit beginning in the spring semester of their 7th grade year. Student performance will be evaluated in academics, college, career, and military readiness. Our staff believes in the education of the whole child and believes that success is based on more than the results of a single test, including social and emotional learning, strong interpersonal skills, and the development of positive members of society.

Hays CISD is dedicated to the safety of all students and staff. A safe environment must include secure facilities, staff and student training, and our adopted standard response protocol. The district will partner with local and state entities to assure preparedness. Specific areas addressed are physical and cybersecurity, data privacy, campus access, detecting and reporting possible threats, COVID-19 safety/prevention planning/reporting, and maintaining an environment of trust between adults and all students. Our Emergency Operations Plan is updated annually, and followed throughout the district.

Hays CISD is dedicated to treating everyone with respect and dignity. Cultivating a culture of positive engagement and public service requires empathy, visibility, trust, and communication. Communication through all appropriate avenues is a priority, and staff will receive training in these areas. Our district is committed to increasing client engagement both internally and externally. Dr. Wright will release a weekly video “Wright this Minute” to help keep the Hays CISD constituents informed. Dr. Wright will create a Diversity Advisory Council to receive input from stakeholders to inform current practices in order to enhance district systems to reduce barriers and to create educational opportunities for students who are members of traditionally disenfranchised communities.

The District provides a well-rounded program of public education for children from pre-kindergarten through grade twelve. In addition to basic instructional programs, the District offers special education, gifted and talented, Bilingual/ESL, intervention, college preparatory, and career and technical programs. The District is fully accredited by the Texas Education Agency (TEA).

Hays CISD operates fourteen elementary schools, six middle schools, three comprehensive high schools, one alternative education program high school, and one disciplinary alternative education program campus. The District’s 2020-21 enrollment for budget purposes was 21,467. Actual enrollment for 2020-2021 was 20,342 at PEIMS snapshot. The TEA is holding Texas school districts “harmless” due to the COVID-19 for the first three six weeks periods. The District’s hold harmless enrollment numbers are 20,918.

Economic Information

Hays County, created in 1848, is located in south central Texas and is a component of the Austin Metropolitan Statistical Area. Hays County is traversed by Interstate Highway 35, U.S. Highway 290, State Highways 21 and 123 with the City of San Marcos as the county seat. State Highway 130 is a commuter roadway on the outskirts of the district to relieve congestion on IH 35 and extends from north of Georgetown, east of metropolitan Austin, to I-10 near Seguin.

Hays County is diversified by tourism, education, agriculture, retail, healthcare, and manufacturing. Kyle, Buda and San Marcos are located within what has become known as the Austin/San Antonio Corridor along Interstate Highway 35. Austin and San Antonio are two anchors of a region which includes several million people.

The District's population has grown to an estimated 113,553 in 2019-20, up from the 2010 census number of 69,969, making it one of the fastest growing school districts in Texas. Residents in Hays County have easy access to higher education including the University of Texas, Texas State University, St. Edward's University and Austin Community College. The Hays Consolidated Independent School District covers land which was once used primarily for ranching and recreational area. Residential and retail development has steadily increased in the last ten years. New home sales continue to rise in the area with 1,943 "annual starts" and 1,832 "annual closings". Future lots for home sites in the District top 66,000. The cities of Kyle and Buda are located on Interstate Highway 35 between San Marcos and Austin. Extensive roadway improvement projects, expansion of the Austin Community College campus, and the addition of a large, regional hospital complex that opened in 2009 along with a second hospital opened in September 2019 serving the Buda community will continue to drive growth in the District. In 2016-2017, the Board approved a Freeport tax exemption, creating a triple Freeport exemption within Hays County that opens the door for future commercial development within the district.

Report Information

The Comprehensive Annual Financial Report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). All funds of the District are covered by this report. The District's financial policies address accounting and fiscal operations of the district, with an emphasis on asset, procurement, and budget management.

The District maintains budgetary controls, and the objective is to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board. The annual expenditure budget serves as the foundation for the District's financial planning and control. Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency (TEA). The board legally adopts a budget for the General Fund, Debt Service Fund, and Child Nutrition Fund. Budgets for Special Revenue Funds (other than Child Nutrition) and Capital Projects Funds are prepared on a project basis, based on grant regulations or applicable bond ordinances.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is mandated at the functional category level within each fund. These functional categories are defined by TEA and identify the purpose of transactions. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end unless specifically identified for rollover into the next fiscal year.

Long-Term Financial Planning

The District is operating under the second year of House Bill 3 (HB 3) for the 2020-21 school year. HB3 was a historic school finance bill passed by the 86th Texas Legislature in 2019. The intent of the bill was to provide more money for Texas classrooms, increase teacher compensation, reduce recapture and cut local property taxes for Texas taxpayers. The bill made major revisions to the school finance formulas; added and repealed several chapters of the Education Code; and revised, removed and created multiple allotments or programs.

Since the Texas Legislature meets every two years to approve education funding, school districts are unable to accurately predict what mandates or funding changes will be implemented over the long-term. The District has accumulated unassigned fund balance to prepare for uncertainties in future student enrollment growth, property values, and funding reductions.

The District's total 2020-21 original adopted budget is \$249,985,772, representing a \$14,012,976 (or a 6%) increase over the 2019-20 original adopted budget. Major factors affecting the 2021 proposed budget are; adding another grade level (junior class) at the District's third (new) high school; implementing full day pre-kindergarten; and salary compensation increases.

The 2020-2021 original adopted budget included funding for:

- additional teachers/staff to accommodate growth and program enhancements
- additional teachers/staff for the second year (junior class) at the new high school
- compensation increases for all employees
- increase to the District's current employee health insurance contribution
- campus, curriculum and departmental needs district-wide

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the entire staff of the Financial Services Department. We would like to express our sincere appreciation to all members of the departments and surrounding entities who assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the District. Finally, we would like to thank the residents of the District for their support of, and belief in, our public schools, and principals and teachers who provide the quality education for which the District has become known.

Respectfully submitted,



Dr. Eric Wright
Superintendent of Schools



Randall Rau
Chief Financial Officer

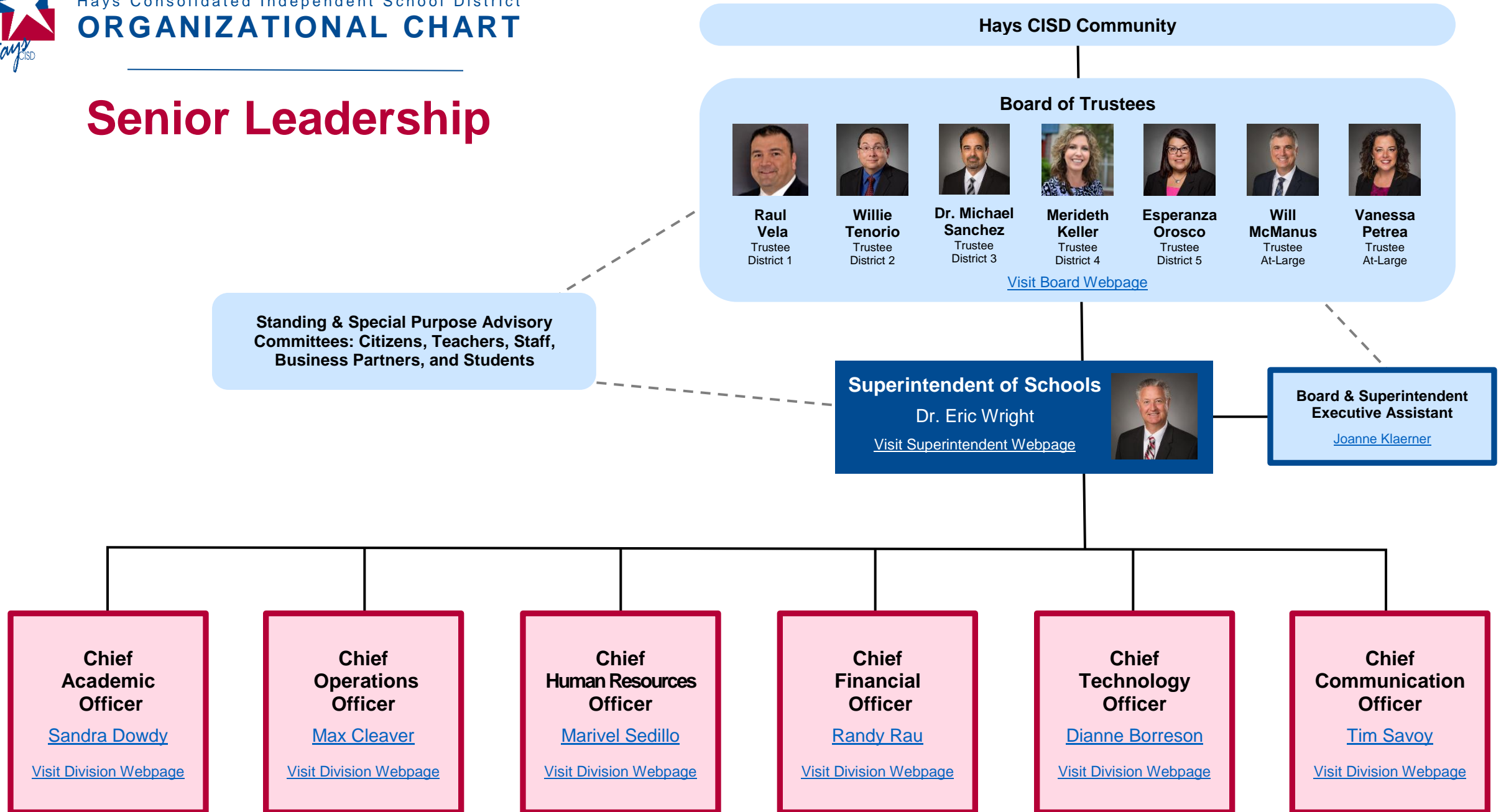


Rebecca Palmer
Director of Finance



Hays Consolidated Independent School District
ORGANIZATIONAL CHART

Senior Leadership



Hays Consolidated Independent School District

School Board and Administrators

Board of Trustees

Esperanza Orosco	President
Will McManus	Vice President
Vanessa Petrea	Secretary
Meredith Keller	Trustee
Dr. Michael Sanchez	Trustee
Willie Tenorio, Jr.	Trustee
Raul Vela, Jr.	Trustee

Administration

Eric Wright, Ed. D.	Superintendent of Schools
Tim Savoy, B.J.	Chief Communication Officer
Dianne Borreson, M. Ed.	Chief Technology Officer
Max Cleaver, M.S.	Chief Operations Officer
Randall Rau, CPA	Chief Financial Officer
Marivel Sedillo	Chief Human Resources Officer
Sandra Dowdy, M. Ed.	Chief Academic Officer



Certificate of Board

Hays Consolidated Independent School District

Name of School District

Hays

County

105906

Co.-Dist. Number

We, the undersigned, certify that the attached annual financial report is of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the fiscal year ended June 30, 2020 at a meeting of the Board of Trustees of such school district on the 25 day of January, 2021.

Vanessa V. Petrea

Signature of Board Secretary

Esperanza OroscO

Signature of Board President

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

Financial Section



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

An Affiliate of CPAmerica International

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Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300

Round Rock, TX 78664

Independent Auditors' Report

The Board of Trustees of
Hays Consolidated Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hays Consolidated Independent School District (the "District"), as of and for the year ended June 30, 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Food Service Major Special Revenue Fund 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, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions - pensions, the schedule of the District's proportionate share of the net OPEB liability, the schedule of District contributions - OPEB, and the note to the required supplementary information on pages 4 through 11, 54, 55, 56, 57, and 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, other schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, other 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, the combining and individual fund statements and schedules, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maxwell Locke & Ritter LLP

Austin, Texas
January 25, 2021

Hays Consolidated Independent School District Management's Discussion and Analysis June 30, 2020

As Management of the Hays Consolidated Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$58,590,958, which represents 30.3% of total fiscal year 2019-2020 General Fund adopted budgeted expenditures. Including the \$2,529,396 of fund balance assigned for the 2020-21 budget, the total percentage is 31.6%.
- The District has been a fast-growth district for over twelve years. The District anticipates adding 4,900+ students over the next five years.

Overview of the Financial Statements

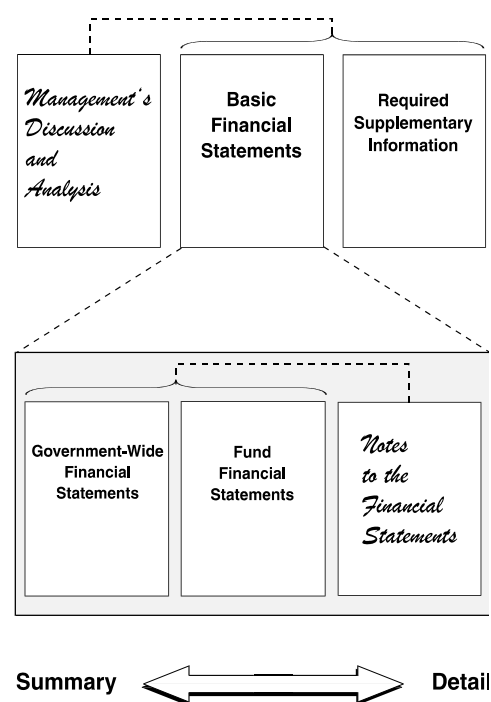
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other required supplementary information in addition to the basic financial statements themselves. Figure A-1 shows how the required parts of the annual report are arranged and related to one another.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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



The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The *statement of activities* presents information showing how the District's net position changed during the year ended June 30, 2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District are designed to educate and benefit the children of the community. Functional codes for Texas school districts are uniform throughout the state. They include instruction and instructional-related services, instructional and school leadership, support services for students, administrative support services, non-student based support services, ancillary services, debt service and capital outlay for facilities and construction.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the District's most significant funds and not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Food Service Fund that are considered to be major funds. Data from the other individual governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses Enterprise Funds for childcare operations and health clinic services.

The second type of proprietary fund is the Internal Service Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses Internal Service Funds for printing services and to report activities outstanding from its previously self-funded workers' compensation program.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position.

These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. The required supplementary information relates to the District's contributions to a cost-sharing pension and other post-employment benefits ("OPEB") plans with the Teacher Retirement System of Texas.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$39,100,606 for the year ended June 30, 2020. The District's total net position increased \$3,612,185 from the prior year. The District's financial position has improved with an increase in capital assets. The overall financial status of the District is stable, however, the financial outlook for all Texas school districts is uncertain beyond the current biennium.

Table 1
Hays Consolidated Independent School District
Net Position

	Governmental Activities		Business-type Activities		Totals	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Current and other assets	\$149,735,334	167,347,174	742,928	789,460	150,478,262	168,136,634
Capital assets	467,836,743	465,946,443	-	-	467,836,743	465,946,443
Total assets	617,572,077	633,293,617	742,928	789,460	618,315,005	643,083,077
Total deferred outflows of resources	58,743,621	60,509,946	407,704	414,806	59,151,325	60,924,752
Long-term liabilities	627,113,284	649,683,701	1,156,307	1,202,493	628,269,591	650,886,194
Other liabilities	48,725,815	60,912,660	-	6,644	48,725,815	60,919,304
Total liabilities	675,839,099	710,596,361	1,156,307	1,209,137	676,995,406	711,805,498
Total deferred inflows of resources	39,211,516	25,676,586	360,014	238,536	39,571,530	25,915,122
Net position:						
Net investment in capital assets	(12,306,211)	(14,182,958)	-	-	(12,306,211)	(14,182,958)
Restricted	29,392,990	19,691,640	-	-	29,392,990	19,691,640
Unrestricted	(55,821,696)	(47,978,066)	(365,689)	(243,407)	(56,187,385)	(48,221,473)
Total net position	<u>\$(38,734,917)</u>	<u>(42,469,384)</u>	<u>(365,689)</u>	<u>(243,407)</u>	<u>(39,100,606)</u>	<u>(42,712,791)</u>

A portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used (e.g. debt service). This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

Governmental activities. Program and general revenues for the current fiscal year totaled \$260,931,895 a 13.9% increase from the prior year. Expenses for the current fiscal year totaled \$257,197,428 which is an increase of 20.3% from the prior year. The increase in governmental net position is primarily due to strong tax collections and state funding.

Key elements of the increase or decrease are shown in the table on the following page:

Table 2
Hays Consolidated Independent School District
Net Position

	Governmental Activities		Business-type Activities		Totals	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,741,420	4,684,912	1,609,065	1,312,181	6,350,485	5,997,093
Operating grants and contributions	39,873,798	29,774,364	-	-	39,873,798	29,774,364
General revenues:						
Maintenance and operations taxes	83,911,312	78,569,804	-	-	83,911,312	78,569,804
Debt service taxes	43,030,316	37,581,262	-	-	43,030,316	37,581,262
Grants and contributions not restricted	87,219,968	75,017,644	-	-	87,219,968	75,017,644
Investment earnings	1,935,782	3,303,183	-	-	1,935,782	3,303,183
Miscellaneous local and intermediate	219,299	155,849	-	-	219,299	155,849
Total revenues	<u>260,931,895</u>	<u>229,087,018</u>	<u>1,609,065</u>	<u>1,312,181</u>	<u>262,540,960</u>	<u>230,399,199</u>
Expenses:						
Instruction	137,456,087	109,548,648	-	-	137,456,087	109,548,648
Instructional resources and media services	3,669,508	3,600,426	-	-	3,669,508	3,600,426
Curriculum and staff development	2,504,046	2,143,610	-	-	2,504,046	2,143,610
Instructional leadership	4,836,333	3,064,944	-	-	4,836,333	3,064,944
School leadership	13,778,291	11,143,904	-	-	13,778,291	11,143,904
Guidance, counseling, and evaluation services	7,711,396	6,038,703	-	-	7,711,396	6,038,703
Social work services	265,824	379,618	-	-	265,824	379,618
Health services	2,445,998	2,011,596	-	-	2,445,998	2,011,596
Student transportation	13,281,818	10,526,351	-	-	13,281,818	10,526,351
Food services	9,250,030	8,160,367	-	-	9,250,030	8,160,367
Extracurricular activities	5,517,340	4,070,199	-	-	5,517,340	4,070,199
General administration	5,049,263	4,130,173	-	-	5,049,263	4,130,173
Facilities maintenance and operations	21,173,841	17,210,442	-	-	21,173,841	17,210,442
Security and monitoring services	1,961,404	1,810,633	-	-	1,961,404	1,810,633
Data processing services	5,563,587	4,441,789	-	-	5,563,587	4,441,789
Community services	388,932	350,869	-	-	388,932	350,869
Interest on long-term debt	17,786,038	15,230,566	-	-	17,786,038	15,230,566
Bond issuance costs and fees	19,490	634,293	-	-	19,490	634,293
Facilities acquisition and construction	3,429,518	8,236,643	-	-	3,429,518	8,236,643
Payments related to shared services arrangements	211,762	294,484	-	-	211,762	294,484
Other intergovernmental charges	896,922	772,909	-	-	896,922	772,909
Childcare services	-	-	1,731,347	1,298,680	1,731,347	1,298,680
Total expenses	<u>257,197,428</u>	<u>213,801,167</u>	<u>1,731,347</u>	<u>1,298,680</u>	<u>258,928,775</u>	<u>215,099,847</u>
Increase (Decrease) in Net Position	3,734,467	15,285,851	(122,282)	13,501	3,612,185	15,299,352
Net Position, beginning	<u>(42,469,384)</u>	<u>(57,755,235)</u>	<u>(243,407)</u>	<u>(256,908)</u>	<u>(42,712,791)</u>	<u>(58,012,143)</u>
Net Position, ending	<u><u>\$ (38,734,917)</u></u>	<u><u>(42,469,384)</u></u>	<u><u>(365,689)</u></u>	<u><u>(243,407)</u></u>	<u><u>(39,100,606)</u></u>	<u><u>(42,712,791)</u></u>

Property taxes, including penalties and interest, increased 9.3% and accounted for 48.4% of total 2019-2020 revenues. This revenue increase was the result of additional property values related to new businesses and residential construction, and a corresponding reduction in state funding due to property tax increases. The District reduced its tax rate for operations from \$1.04 to \$0.97 for 2019-2020. The tax rate for debt service remained steady for 2019-2020 at \$0.4977.

Business-type Activities. Revenues of the District’s business-type activities represent \$1,609,065 from child care operations at District campuses.

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, bond covenants, and segregation for particular purposes.

Governmental funds. The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$122,318,940. A complete listing of fund balances at June 30, 2020, is shown in the following table:

Fund Balances	At June 30, 2020
General Fund, Assigned	\$ 3,529,302
General Fund, Non-spendable	5,378,352
General Fund, Unassigned	58,590,958
Food Service, Restricted & Non-spendable	3,570,817
Capital Projects, Restricted	18,920,149
Local Capital Projects, Assigned	52,822
Debt Service, Restricted	32,276,540
Total Fund Balances	<u>\$ 122,318,940</u>

The General Fund increased its total fund balance by \$3,369,659. The total fund balance of \$67,498,612 at June 30, 2020 represents a 5.3% increase over the prior year. Expenditures were less than anticipated in all areas, especially in instruction and security and monitoring services, which contributed to the overall increase in total fund balance. A portion of the remaining budget was due to purchases on order with \$999,906 of fund balance rolled over to 2020-2021.

The Debt Service Fund increased its total fund balance by \$8,926,628 due to increases in tax revenues for the current fiscal year. The tax rate for debt service remained constant for 2019-2020 at \$0.4977.

The Capital Projects Fund has a total fund balance of \$18,972,971, which represents funds remaining from current and prior year bond sales. These funds are restricted and assigned for the construction and renovation of school buildings and purchase of equipment and land.

The Food Service Fund increased its total fund balance by \$259,907. These funds are restricted for the operation of the National School Breakfast and Lunch Program.

General Fund Budgetary Highlights

The District's budgets have continually included budget reductions and revenue enhancements in an effort to maximize the use of existing resources and meet the needs of a fast-growth district. The ability to provide additional teachers and staff, maintain student-to-teacher ratios, support core operations, expand technology systems and maintain competitive salaries continues to be a challenge.

In recent years, the District has consistently moved toward the adoption of a balanced budget while maintaining its current maintenance and operations tax rate of \$1.04. In 2013-2014 and 2014-2015 the District adopted general fund deficit budgets of (\$1,933,100) and (\$466,444) respectively. The District adopted a balanced budget in 2015-2016, due in large part to the funding efforts of the 84th Legislature, strong property value growth, and additional budget cuts and revenue enhancements. Reduction of state funding due to the elimination of ASATR and property value growth saw the District's return to deficit operating budgets in 2016-2017, 2017-2018, 2018-2019, and 2019-2020. The 2016-2017 budgeted deficit was (\$1,828,618), the 2017-2018 original budget reflected a deficit of (\$3,417,041), the 2018-2019 adopted budget reflected a deficit of (\$5,987,344), the 2019-2020 adopted budget reflected a deficit of (\$1,908,173), and the 2020-2021 adopted budget reflected a deficit of (\$2,529,396), which is reflective of the funding challenges faced by school districts with the return to formula funding. These budgets enabled the district to maintain competitive wages, address student enrollment growth and staffing needs, and expand programs.

Over the course of the current fiscal year, actual expenditures were less than final budget amounts for the General Fund. Positive variances were widespread, primarily in the functional categories of instruction, maintenance, and technology.

Capital Assets and Debt Administration

Capital Assets. At the end of 2020, the District had invested \$467,836,743 in a broad range of capital assets, including land, construction in progress, furniture, equipment, and buildings. This amount represents a net increase (including depreciation, additions and deductions) of \$1,890,300 from last year. Total depreciation expense for the current fiscal year was \$11,572,830 charged proportionately to the various functions/programs of the District. Additional information on the District's capital assets can be found in Note 7 of this report.

Long-term Debt. At the end of the current fiscal year, the District had \$513,433,592 in bonds payable outstanding. Additional information about the District's debt is presented in Note 9 of this report.

The District maintains a "AAA" rating from Moody's and Fitch for general obligation debt based upon the guarantee from the State of Texas Permanent School Fund (PSF). Prior to sale of bonds in August 2017, the District received a bond rating from Fitch Ratings of AA and Moody's issued an underlying rating of Aa2.

Economic Factors and Next Year's Budgets and Rates

- The District's 2020-21 enrollment for budget purposes was 21,467, an increase of 1,149 students or 5.65% from 2019-2020 budgeted enrollment of 20,318. This equates to a refined average daily attendance (ADA) of 20,292 (95% student attendance rate). Actual enrollment for 2020-21 was 20,342 at the PEIMS snapshot date. The Texas Education Agency is holding Texas school districts "harmless" due to COVID-19 for the first three six-weeks periods. The District's Hold Harmless enrollment numbers are 20,918
- Net taxable value used for the 2021 budget is estimated at \$9,826,781,065, based on the Hays, Caldwell, and Travis County Appraisal District's (CADs) 2020 certified estimate of property values. This is an increase of \$1,009,018,526 (11.44%) over 2019 CADs most recent supplemental values for 2019.

- Employee compensation increases were based on 2.0% of the midpoint of each classes respective pay schedules. The District increased the health insurance contribution by \$8/month (\$96 annually) for a total monthly contribution of \$386 for the TRS-Active Care Primary plan allowing the District to continue offering one medical plan that is \$0 cost for employee only coverage. Total positions (FTE) budgeted for the General Fund were 2,759, an increase of 46 budgeted (FTE) positions over the prior year.
- Campus and department budgets were budgeted based on the anticipated needs for the upcoming year.
- The District's 2020-21 total tax rate is \$1.4037 per \$100/valuation, with a Maintenance and Operations tax of \$.9060 and Interest and Sinking of \$0.4977. This represents a \$.064 decrease from the 2019-20 tax rate.
- Due to the COVID-19 pandemic, the District shifted to both remote and in-person learning. This shift resulted in significant changes to all aspects of school operations which have a financial impact on the District due to additional expenditures for student devices and internet connectivity as well as increased sanitization and personal protective equipment expenditures.
- As part of the Coronavirus, Relief, and Economic Security (CARES) Act, the District received funding from the Elementary and Secondary School Emergency Relief Fund (ESSER) in the amount of \$1,784,715, a portion of which was reserved to offer equitable services to all private nonprofit schools within the District's boundaries. The ESSER grant is a federal fund source that is separate from the Foundation School Program (FSP) allotment. However, because ESSER funding is used as a method of finance for the 2019-2020 ADA Hold Harmless, local educational agencies (LEA) must combine the ESSER grant with the remainder of the normal FSP allotment in order to account for the total FSP allotment. Utilizing ESSER funds as a method of finance will assist in maintaining state funding for future years. If an LEA did not apply for the ESSER grant, it would result in a net loss of overall revenue.

The operating budget increased \$10.9 million for 2020-21 which is a 5.9% increase in projected expenditures over the prior year. The largest increases in the budget were for new schools, additional teachers to address enrollment growth, and employee compensation. If budget estimates are realized, the District's General Fund balance is expected to decrease \$2.5 million by the close of 2020-21 before any one-time uses of fund balance. Additional information regarding the District's budget can be found at www.hayscisd.net.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Services Department at (512) 268-2141, or log on to www.hayscisd.net.

Hays Consolidated Independent School District
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 111,100,011	736,815	111,836,826
Temporary investments	2,540,000	-	2,540,000
Receivables:			
Property taxes - delinquent	4,214,696	-	4,214,696
Allowance for uncollectible taxes	(922,363)	-	(922,363)
Due from other governments	27,152,405	-	27,152,405
Internal balances	(6,113)	6,113	-
Other receivables	8,144	-	8,144
Inventory	269,702	-	269,702
Prepaid items	5,378,852	-	5,378,852
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Land	19,107,950	-	19,107,950
Buildings and improvements	430,885,462	-	430,885,462
Furniture and equipment	15,421,156	-	15,421,156
Construction in progress	2,422,175	-	2,422,175
Total assets	<u>617,572,077</u>	<u>742,928</u>	<u>618,315,005</u>
Deferred Outflows of Resources:			
Deferred charges on bond refundings	14,317,667	-	14,317,667
Pension contributions after measurement date	3,487,459	31,994	3,519,453
Deferred outflows related to pension liability	26,638,517	244,385	26,882,902
OPEB contributions after measurement date	947,026	8,697	955,723
Deferred outflows related to OPEB liability	13,352,952	122,628	13,475,580
Total deferred outflows of resources	<u>58,743,621</u>	<u>407,704</u>	<u>59,151,325</u>
Liabilities:			
Current liabilities:			
Accounts payable	3,578,537	-	3,578,537
Payroll deductions and withholdings payable	2,790	-	2,790
Accrued wages payable	15,724,383	-	15,724,383
Due to other governments	75,890	-	75,890
Due to student groups	23,188	-	23,188
Bond interest payable	7,274,757	-	7,274,757
Bonds payable	17,630,000	-	17,630,000
Unearned revenue	4,416,270	-	4,416,270
Noncurrent liabilities:			
Compensated absences	5,340,994	-	5,340,994
Bonds payable	495,803,592	-	495,803,592
Net pension liability	56,677,416	519,965	57,197,381
Net OPEB liability	69,291,282	636,342	69,927,624
Total liabilities	<u>675,839,099</u>	<u>1,156,307</u>	<u>676,995,406</u>
Deferred Inflows of Resources:			
Deferred inflows related to pension liability	9,235,078	84,724	9,319,802
Deferred inflows related to OPEB liability	29,976,438	275,290	30,251,728
Total deferred inflows of resources	<u>39,211,516</u>	<u>360,014</u>	<u>39,571,530</u>
Net Position:			
Net investment in capital assets	(12,306,211)	-	(12,306,211)
Restricted for:			
Debt service	25,822,173	-	25,822,173
Food service	3,570,817	-	3,570,817
Unrestricted	(55,821,696)	(365,689)	(56,187,385)
Total net position	<u>\$ (38,734,917)</u>	<u>(365,689)</u>	<u>(39,100,606)</u>

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

Hays Consolidated Independent School District

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 137,456,087	1,542,679	24,826,905	(111,086,503)	-	(111,086,503)
Instructional resources and media services	3,669,508	-	232,906	(3,436,602)	-	(3,436,602)
Curriculum and staff development	2,504,046	-	872,730	(1,631,316)	-	(1,631,316)
Instructional leadership	4,836,333	-	634,147	(4,202,186)	-	(4,202,186)
School leadership	13,778,291	-	1,308,299	(12,469,992)	-	(12,469,992)
Guidance, counseling, and evaluation services	7,711,396	-	972,702	(6,738,694)	-	(6,738,694)
Social work services	265,824	-	18,286	(247,538)	-	(247,538)
Health services	2,445,998	-	212,778	(2,233,220)	-	(2,233,220)
Student transportation	13,281,818	-	1,096,783	(12,185,035)	-	(12,185,035)
Food services	9,250,030	2,636,047	6,749,012	135,029	-	135,029
Extracurricular activities	5,517,340	261,401	354,817	(4,901,122)	-	(4,901,122)
General administration	5,049,263	-	588,911	(4,460,352)	-	(4,460,352)
Facilities maintenance and operations	21,173,841	301,293	1,312,845	(19,559,703)	-	(19,559,703)
Security and monitoring services	1,961,404	-	220,256	(1,741,148)	-	(1,741,148)
Data processing services	5,563,587	-	389,196	(5,174,391)	-	(5,174,391)
Community services	388,932	-	83,225	(305,707)	-	(305,707)
Interest on long-term debt	17,786,038	-	-	(17,786,038)	-	(17,786,038)
Bond issuance costs and fees	19,490	-	-	(19,490)	-	(19,490)
Facilities acquisition and construction	3,429,518	-	-	(3,429,518)	-	(3,429,518)
Payments related to shared services arrangements	211,762	-	-	(211,762)	-	(211,762)
Other intergovernmental charges	896,922	-	-	(896,922)	-	(896,922)
Total governmental activities	<u>\$ 257,197,428</u>	<u>4,741,420</u>	<u>39,873,798</u>	<u>(212,582,210)</u>	<u>-</u>	<u>(212,582,210)</u>
Business-type activities-						
Childcare - District-wide	\$ 1,731,347	1,609,065	-	-	(122,282)	(122,282)
Total business-type activities	<u>\$ 1,731,347</u>	<u>1,609,065</u>	<u>-</u>	<u>-</u>	<u>(122,282)</u>	<u>(122,282)</u>
Total primary government	<u>\$ 258,928,775</u>	<u>6,350,485</u>	<u>39,873,798</u>	<u>(212,582,210)</u>	<u>(122,282)</u>	<u>(212,704,492)</u>
General revenues:						
Property taxes levied for general purposes				\$ 83,911,312	-	83,911,312
Property taxes levied for debt service				43,030,316	-	43,030,316
State aid-formula grants				87,219,968	-	87,219,968
Investment earnings				1,935,782	-	1,935,782
Miscellaneous				219,299	-	219,299
Total general revenues				<u>216,316,677</u>	<u>-</u>	<u>216,316,677</u>
Change in net position				3,734,467	(122,282)	3,612,185
Net position - beginning				<u>(42,469,384)</u>	<u>(243,407)</u>	<u>(42,712,791)</u>
Net position - ending				<u>\$ (38,734,917)</u>	<u>(365,689)</u>	<u>(39,100,606)</u>

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

Hays Consolidated Independent School District

Balance Sheet

Governmental Funds

June 30, 2020

	General	Debt Service	Capital Projects	Food Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 45,697,905	31,974,776	22,170,050	9,050,050	1,149,495	110,042,276
Temporary investments	2,540,000	-	-	-	-	2,540,000
Receivables:						
Property taxes - delinquent	2,849,343	1,365,353	-	-	-	4,214,696
Allowance for uncollectible taxes	(641,061)	(281,302)	-	-	-	(922,363)
Due from other governments	22,928,913	38,103	-	342,690	3,842,699	27,152,405
Due from other funds	10,599,200	-	-	-	213,301	10,812,501
Other receivables	8,144	-	-	-	-	8,144
Inventories	-	-	-	239,581	-	239,581
Prepaid items	5,378,352	-	-	500	-	5,378,852
Total assets	<u>\$ 89,360,796</u>	<u>33,096,930</u>	<u>22,170,050</u>	<u>9,632,821</u>	<u>5,205,495</u>	<u>159,466,092</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	\$ 1,253,884	-	1,264,884	325,621	732,778	3,577,167
Payroll deductions and withholdings payable	2,790	-	-	-	-	2,790
Accrued wages payable	15,305,544	-	-	418,839	-	15,724,383
Due to other governments	75,890	-	-	-	-	75,890
Due to other funds	6,113	-	1,932,195	5,037,695	3,842,611	10,818,614
Due to student groups	23,188	-	-	-	-	23,188
Unearned revenue	3,506,315	-	-	279,849	630,106	4,416,270
Total liabilities	<u>20,173,724</u>	<u>-</u>	<u>3,197,079</u>	<u>6,062,004</u>	<u>5,205,495</u>	<u>34,638,302</u>
Deferred inflows of resources-						
Deferred revenue - property taxes	1,688,460	820,390	-	-	-	2,508,850
Fund balances:						
Non-spendable -						
Prepaid items	5,378,352	-	-	500	-	5,378,852
Restricted for:						
Debt service	-	32,276,540	-	-	-	32,276,540
Authorized construction	-	-	18,920,149	-	-	18,920,149
Food service	-	-	-	3,570,317	-	3,570,317
Assigned to:						
Authorized construction	-	-	52,822	-	-	52,822
Subsequent fiscal year's budget deficit	2,529,396	-	-	-	-	2,529,396
Purchases on order	999,906	-	-	-	-	999,906
Unassigned	58,590,958	-	-	-	-	58,590,958
Total fund balances	<u>67,498,612</u>	<u>32,276,540</u>	<u>18,972,971</u>	<u>3,570,817</u>	<u>-</u>	<u>122,318,940</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 89,360,796</u>	<u>33,096,930</u>	<u>22,170,050</u>	<u>9,632,821</u>	<u>5,205,495</u>	

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	467,810,884
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,508,850
The internal service fund is used by management to charge the costs of insurance and employee day care to individual funds.	
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	953,789

The following liabilities and deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable, including premiums	(513,433,592)
Less: Deferred charges on refundings	14,317,667
Interest payable	(7,274,757)
Compensated absences	(5,340,994)
Net pension liability	(56,602,846)
Pension contributions after measurement date	3,482,871
Deferred outflows related to pension liability	26,603,469
Deferred inflows related to pension liability	(9,222,928)
Net OPEB liability	(69,200,377)
OPEB contributions after measurement date	945,784
Deferred outflows related to OPEB liability	13,335,433
Deferred inflows related to OPEB liability	(29,937,110)

Net position of governmental activities	<u>\$ (38,734,917)</u>
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The notes to the financial statements are an integral part of this statement.

Hays Consolidated Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General	Debt Service	Capital Projects	Food Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Local and intermediate sources	\$ 86,663,934	43,102,843	581,487	2,682,816	302,580	133,333,660
State program revenues	96,585,862	915,128	-	46,056	5,614,836	103,161,882
Federal program revenues	1,907,639	-	-	6,702,956	7,785,412	16,396,007
Total revenues	185,157,435	44,017,971	581,487	9,431,828	13,702,828	252,891,549
Expenditures:						
Current:						
Instruction	106,040,030	-	-	-	11,976,705	118,016,735
Instructional resources and media services	2,474,594	-	710,991	-	540	3,186,125
Curriculum and staff development	1,528,099	-	-	-	812,190	2,340,289
Instructional leadership	4,123,132	-	-	-	140,837	4,263,969
School leadership	11,529,971	-	-	-	35,779	11,565,750
Guidance, counseling, and evaluation services	6,414,620	-	-	-	286,563	6,701,183
Social work services	247,399	-	-	-	-	247,399
Health services	2,053,358	-	-	-	51,714	2,105,072
Student transportation	10,934,947	-	1,129,800	-	31,569	12,096,316
Food services	-	-	-	9,171,921	-	9,171,921
Extracurricular activities	5,010,967	-	-	-	-	5,010,967
General administration	4,753,129	-	-	-	7,759	4,760,888
Facilities maintenance and operations	18,531,094	-	734,235	-	121,918	19,387,247
Security and monitoring services	1,666,588	-	-	-	144,648	1,811,236
Data processing services	4,792,019	-	13,596	-	21,946	4,827,561
Community services	284,510	-	-	-	70,660	355,170
Debt service:						
Principal on long-term debt	-	15,225,000	-	-	-	15,225,000
Interest on long-term debt	-	19,846,853	-	-	-	19,846,853
Bond issuance costs and fees	-	19,490	-	-	-	19,490
Facilities acquisition and construction	294,635	-	15,037,608	-	-	15,332,243
Payments related to shared services arrangements	211,762	-	-	-	-	211,762
Other intergovernmental charges	896,922	-	-	-	-	896,922
Total expenditures	181,787,776	35,091,343	17,626,230	9,171,921	13,702,828	257,380,098
Excess (deficiency) of revenues over (under) expenditures	3,369,659	8,926,628	(17,044,743)	259,907	-	(4,488,549)
Net change in fund balances	3,369,659	8,926,628	(17,044,743)	259,907	-	(4,488,549)
Fund balances - beginning	64,128,953	23,349,912	36,017,714	3,310,910	-	126,807,489
Fund balances - ending	\$ 67,498,612	32,276,540	18,972,971	3,570,817	-	122,318,940

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

Hays Consolidated Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020

Net change in fund balances-total governmental funds	\$ (4,488,549)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	13,463,130
Depreciation expense	(11,572,830)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	732,739
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Repayment of bond principal	15,225,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in bond interest payable	254,625
Amortization of deferred charges on bond refundings	(1,656,008)
Amortization of bond premiums	3,462,198
Change in compensated absences	(1,581,468)
Pension contributions made during the measurement year	3,809,883
Change in pension contributions made after the measurement date	292,405
Proportionate share of collective pension expense	(2,369,150)
Adjustment for ending deferred inflows and outflows related to net pension liability	(10,501,165)
OPEB contributions made during the measurement year	1,043,614
Change in OPEB contributions made after the measurement date	83,000
Proportionate share of collective OPEB expense	788,964
Adjustment for ending deferred inflows and outflows related to net OPEB liability	(3,498,051)
The internal service fund is used by management to charge the costs of insurance and employee day care to individual funds. The net revenue of the internal service fund is reported with governmental activities.	246,130
Change in net position of governmental activities	<u><u>\$ 3,734,467</u></u>

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

Hays Consolidated Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Local and intermediate sources	\$ 82,959,790	84,746,073	86,663,934	1,917,861
State program revenues	98,872,597	102,987,872	96,585,862	(6,402,010)
Federal program revenues	1,700,000	2,806,935	1,907,639	(899,296)
Total revenues	183,532,387	190,540,880	185,157,435	(5,383,445)
Expenditures:				
Current:				
Instruction	107,871,505	112,416,087	106,040,030	6,376,057
Instructional resources and media services	2,503,505	2,503,505	2,474,594	28,911
Curriculum and staff development	2,441,939	1,980,569	1,528,099	452,470
Instructional leadership	3,415,539	4,153,869	4,123,132	30,737
School leadership	11,828,011	11,705,703	11,529,971	175,732
Guidance, counseling, and evaluation services	6,294,196	6,475,890	6,414,620	61,270
Social work services	391,084	391,084	247,399	143,685
Health services	2,019,336	2,058,800	2,053,358	5,442
Student transportation	11,084,084	11,152,355	10,934,947	217,408
Extracurricular activities	4,328,983	5,355,912	5,010,967	344,945
General administration	4,976,266	4,811,976	4,753,129	58,847
Facilities maintenance and operations	18,923,478	19,830,809	18,531,094	1,299,715
Security and monitoring services	3,318,546	3,329,122	1,666,588	1,662,534
Data processing services	4,452,941	4,940,370	4,792,019	148,351
Community services	296,238	301,610	284,510	17,100
Facilities acquisition and construction	-	594,924	294,635	300,289
Payments related to shared service arrangements	482,909	482,909	211,762	271,147
Other intergovernmental charges	812,000	935,000	896,922	38,078
Total expenditures	185,440,560	193,420,494	181,787,776	11,632,718
Excess (deficiency) of revenues over (under) expenditures	(1,908,173)	(2,879,614)	3,369,659	6,249,273
Net change in fund balance	(1,908,173)	(2,879,614)	3,369,659	6,249,273
Fund balance - beginning	64,128,953	64,128,953	64,128,953	-
Fund balance - ending	\$ 62,220,780	61,249,339	67,498,612	6,249,273

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

Hays Consolidated Independent School District
Major Special Revenue Fund - Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Local and intermediate sources	\$ 3,482,786	3,482,786	2,682,816	(799,970)
State program revenues	45,093	45,093	46,056	963
Federal program revenues	5,649,855	5,649,855	6,702,956	1,053,101
Total revenues	9,177,734	9,177,734	9,431,828	254,094
Expenditures-				
Current-				
Food services	9,177,734	9,177,734	9,171,921	5,813
Total expenditures	9,177,734	9,177,734	9,171,921	5,813
Excess of revenues over expenditures	-	-	259,907	259,907
Fund balance - beginning	3,310,910	3,310,910	3,310,910	-
Fund balance - ending	\$ 3,310,910	3,310,910	3,570,817	259,907

Hays Consolidated Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Nonmajor Internal Service Funds	Total Proprietary Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 736,815	\$ 1,057,735	\$ 1,794,550
Inventory	-	30,121	30,121
Due from other funds	6,113	-	6,113
Total current assets	742,928	1,087,856	1,830,784
Noncurrent assets:			
Furniture and equipment	-	76,178	76,178
Depreciation on furniture and equipment	-	(50,319)	(50,319)
Total noncurrent assets	-	25,859	25,859
Total assets	742,928	1,113,715	1,856,643
Deferred Outflows of Resources:			
Pension contributions after measurement date	31,994	4,588	36,582
Deferred outflows related to pension liability	244,385	35,048	279,433
OPEB contributions after measurement date	8,697	1,242	9,939
Deferred outflows related to OPEB liability	122,628	17,519	140,147
Total deferred outflows of resources	407,704	58,397	466,101
Liabilities:			
Current liabilities-			
Accounts payable	-	1,370	1,370
Noncurrent liabilities:			
Net pension liability	519,965	74,570	594,535
Net OPEB liability	636,342	90,905	727,247
Total noncurrent liabilities	1,156,307	165,475	1,321,782
Total liabilities	1,156,307	166,845	1,323,152
Deferred Inflows of Resources:			
Deferred inflows related to pension liability	84,724	12,150	96,874
Deferred inflows related to OPEB liability	275,290	39,328	314,618
Total deferred inflows of resources	360,014	51,478	411,492
Net Position:			
Invested in capital assets	-	25,859	25,859
Unrestricted	(365,689)	927,930	562,241
Total net position	\$ (365,689)	\$ 953,789	\$ 588,100

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

Hays Consolidated Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2020

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Nonmajor Internal Service Funds	Total Proprietary Funds
Operating revenues:			
Local and intermediate sources	\$ 1,510,934	\$ 774,013	\$ 2,284,947
State program revenues	98,131	14,941	113,072
Total operating revenues	<u>1,609,065</u>	<u>788,954</u>	<u>2,398,019</u>
Operating expenses:			
Payroll costs	1,671,122	221,448	1,892,570
Professional and contract services	2	156,622	156,624
Supplies and materials	55,345	151,546	206,891
Other operating costs	<u>4,878</u>	<u>13,208</u>	<u>18,086</u>
Total operating expenses	1,731,347	542,824	2,274,171
Operating income (loss)	<u>(122,282)</u>	<u>246,130</u>	<u>123,848</u>
Change in net position	(122,282)	246,130	123,848
Net position - beginning	<u>(243,407)</u>	<u>707,659</u>	<u>464,252</u>
Net position - ending	<u><u>\$ (365,689)</u></u>	<u><u>\$ 953,789</u></u>	<u><u>\$ 588,100</u></u>

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

Hays Consolidated Independent School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Nonmajor Internal Service Funds	Total Proprietary Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ -	774,013	774,013
Receipts from customers	1,709,873	-	1,709,873
Payments to suppliers	(55,347)	(323,363)	(378,710)
Payments to employees	(1,671,122)	(221,448)	(1,892,570)
Other receipts	169,249	238	169,487
	<u>152,653</u>	<u>229,440</u>	<u>382,093</u>
Net cash provided by operating activities	152,653	229,440	382,093
Net increase in cash and cash equivalents	152,653	229,440	382,093
Cash and cash equivalents - beginning of the year	584,162	828,295	1,412,457
Cash and cash equivalents - end of the year	<u>\$ 736,815</u>	<u>1,057,735</u>	<u>1,794,550</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (122,282)	246,130	123,848
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in other receivable	-	476	476
Increase in inventory	-	(8,021)	(8,021)
Decrease in due from other funds	199,185	6,458	205,643
Decrease in accounts payable	(6,644)	(7,174)	(13,818)
Changes related to net pension liability	76,306	6,331	82,637
Changes related to net OPEB liability	6,088	(14,760)	(8,672)
	<u>152,653</u>	<u>229,440</u>	<u>382,093</u>
Net cash provided by operating activities	\$ 152,653	229,440	382,093

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

Hays Consolidated Independent School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust	Agency Funds
Assets:		
Cash and cash equivalents	\$ 40,955	\$ 2,409,731
Other receivables	-	115,292
	<hr/>	<hr/>
Total assets	<u>\$ 40,955</u>	<u>\$ 2,525,023</u>
Liabilities:		
Accounts payable	\$ -	\$ 10,508
Unearned revenue	78	-
Due to student groups	-	2,514,515
	<hr/>	<hr/>
Total liabilities	<u>\$ 78</u>	<u>\$ 2,525,023</u>
Net Position-		
Held in trust for private purposes	<u>\$ 40,877</u>	

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

Hays Consolidated Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020

	Private Purpose Trust
Additions-	
Local and intermediate sources	\$ 72,676
Total additions	<u>72,676</u>
Deductions:	
Professional and contracted services	37,210
Supplies and materials	1,767
Other operating costs	<u>13,205</u>
Total deductions	<u>52,182</u>
Change in net position	20,494
Net position - beginning	<u>20,383</u>
Net position - ending	<u><u>\$ 40,877</u></u>

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

**Notes to the
Basic Financial Statements**

Hays Consolidated Independent School District

Notes to Basic Financial Statements Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

This report includes those activities, organizations and functions related to the Hays Consolidated Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state and federal government sources, it must comply with the requirements of the entities providing those funds. However, the Board is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”), since Board members are elected by the public and have decision making authority. There are no component units included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency’s (“TEA”) Financial Accountability System Resource Guide. These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues, interest income, and property taxes. Delinquent property taxes at year end that are not collected within sixty days of year end are reported as deferred inflows of resources.

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

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

The Capital Projects Fund includes the proceeds from the sale of bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

The Food Service Fund, a major special revenue fund, includes reimbursement revenues from the United States Department of Agriculture (USDA) to operate the National School Breakfast and Lunch Program. It is a budgeted fund.

The District has no major Enterprise funds.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds. The District uses project accounting to maintain integrity for the various sources of funds.

Enterprise Funds are proprietary funds and are used to account for District activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District's nonmajor Enterprise Funds consist of the Campus Childcare Funds, the School Based Health Clinic, and the Community Education Program.

Internal Service Funds are proprietary funds and are used to account for the District's workers compensation insurance and the print shop.

The Private Purpose Trust Fund is a fiduciary trust fund and is used to account for the principal and income that benefit individuals in the form of scholarships and a training seminar for music instruction.

Agency Funds are unbudgeted funds and are used to account for activities of student groups and other types of activities requiring clearing accounts. These funds have no equity, assets are equal to liabilities, and they do not include revenues and expenditures for general operations of the District. The District's Agency Fund consists of the Student Activity Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are interfund charges for workers compensation insurance and the print shop. Operating expenses include administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Information

Budgets are prepared annually for the General Fund, Debt Service Fund, and Food Service Fund (special revenue fund) on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by June 20 and is adopted by the Board at a public meeting after ten days' public notice of the meeting has been given. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board as needed throughout the period.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. At June 30, 2020, there was \$999,906 in encumbrances that were provided for in the subsequent year's budget.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Investments - Temporary investments throughout the fiscal year consisted of investments in external local government investment pools (reported within cash and cash equivalents) and local government securities. Local government securities are recognized at fair value and the external local government pools are recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policy. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Inventories - Inventories consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply inventory is recorded at cost using the FIFO method.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed.

Capital Assets - Capital assets, which include land, construction in progress, buildings and improvements, and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. The District has no infrastructure assets. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or at acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following estimated useful lives: buildings and improvements - 20 to 39 years, vehicles - 10 years, and furniture and equipment - 5 to 15 years.

Accumulated Sick Leave Liability - The State of Texas (the “State”) has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district’s local board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the State minimum. It is the District’s policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. Such benefits are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Insurance - As of September 1, 2004, the District is no longer self-insured for its workers’ compensation insurance. All outstanding claims prior to the switch are handled by the District and are accounted for in the Workers’ Compensation Internal Service Fund.

The District also provides health care benefits to its employees under a health care insurance plan. The insurance is provided by a licensed insurer.

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

Other Post-Employment Benefits - The fiduciary net position of the 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 post-employment benefits (“OPEB”) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

Fund Balance/Net Position - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 10 for additional information on those fund balance classifications. The District-Wide Child Care enterprise fund had a deficit net position of \$375,041 at June 30, 2020 due to the allocation of the net pension and OPEB liabilities to the fund. This deficit will be eliminated through future revenues of the fund.

Statement of Cash Flows - For purposes of the statement of cash flows for proprietary fund types, the District considers all liquid investments with original maturities of 90 days or less to be cash equivalents.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 8, Note 12, and Note 13 for additional information on deferred inflows and outflows of resources.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

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

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 84 is to improve accounting and financial reporting for fiduciary activities by establishing criteria for identifying fiduciary activities, requiring that all fiduciary funds present a statement of fiduciary net position and a statement of changes in fiduciary net position, except for business-types activities that normally expect to hold custodial assets for three months or less, and providing descriptions of the four types of fiduciary funds that should be reported, if applicable. GASB Statement No. 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Management is evaluating the effects that the full implementation of GASB Statement No. 84 will have on its financial statements for the year ended June 30, 2021.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended June 30, 2022.

2. Deposits and Investments

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are preservation and safety of principal, liquidity and yield.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Banker's acceptance
- Commercial paper
- Money market funds and no-load mutual funds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore, the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At June 30, 2020, the carrying amount of the District's deposits was \$9,881,080 and the bank balance was \$11,209,649.

The District's deposits with financial institutions at June 30, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and TEA maintains copies of all safekeeping receipts in the name of the District.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- Name of depository bank: Wells Fargo Bank, N.A.
- Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$28,266,363
- Largest cash, savings and time deposit combined account balance amounted to \$23,562,494 and occurred during the month of February 2020.
- Total amount of FDIC coverage at the time of highest combined balance was \$500,000.

Investments held at June 30, 2020 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local governmental investment pools:			
TexPool	\$ 36,620,709	1	AAAm
TexasTERM	41,226,689	1	AAAm
Lone Star	26,559,034	1	AAAm
Local government securities, recorded at Level 2	<u>2,540,000</u>	230	A-
Total	<u><u>\$ 106,946,432</u></u>		

The District had investments in three external local government investment pools at June 30, 2020. Texas Local Governmental Investment Pool (“TexPool”), Texas TERM Local Investment Pool (“TexasTERM”), and Lone Star Investment Pool (“Lone Star”). Although TexPool, TexasTERM, and Lone Star are not registered with the SEC as investment companies, they operate in a manner consistent with the SEC’s Rule 2a7-of the Investment Company Act of 1940. These investments are stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool’s investment policy, which is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

TexasTERM is organized in conformity with the Public Funds Investment Act. TexasTERM provides for a fixed rate, fixed-term investment for a period of 60 days to one year. TexasDAILY is a portfolio of TexasTERM and provides daily access to funds. TexasTERM is overseen by an advisory board composed of participants and non-participant members elected by the participant shareholders of TexasTERM. The advisory board is responsible for the overall management of TexasTERM, including formulation and implementation of its investment and operating policies. In addition, the advisory board members select and oversee the activities of the investment advisor and custodian of TexasTERM and monitor investment performance and the method of valuing the shares. TexasTERM is a floating net assets value fund, which is a non-2a7 fund. It is a fundamental objective of TexasTERM to assure the return of principal and interest at the date planned for redemption of shares; however the net asset value of shares may fluctuate prior to the planned redemption date.

Lone Star is governed by an eleven member board of trustees, in which all of the members are also participants in Lone Star. The board meets quarterly to review operations, adopt or make changes to the investment policy, review financial activity and approve contractor agreements. Lone Star also has an advisory board consisting of participants and nonparticipants. RBC Dain Rauscher, Inc. is an independent consultant for Lone Star that reviews daily operations, analyzes all investment transactions for compliance with the Public Funds Investment Act, and performs monitoring activities. The Bank of New York provides custody and valuation services for Lone Star. American Beacon Advisors and Standish Mellon provide other investment management services. Lone Star’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Local government securities are valued using Level 2 inputs using the present value of expected future cash flow pricing technique. The investments are reported by the District at fair value in accordance with GASB Statement No. 72.

Credit Risk - At June 30, 2020, investments were included in external local government investment pools and local government securities in compliance with the District’s investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent not in the District's name. At June 30, 2020, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. Government. At June 30, 2020 all of the District's investments were in external local government investment pools and local government securities and no individual local government security exceeded five percent of the District's total investments.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the investment policy requires that maturities for internally created pool fund groups will not exceed the dollar weighted average maturity limits. Maturities of any other individual investment owned by the District should not exceed three years from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the external local government investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. The local government securities had a weighted average maturity of 230 days which is in compliance with the District's investment policy. At June 30, 2020, the District was not exposed to significant interest rate risk.

3. Property Taxes

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Hays Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the District's Board sets the tax rates on property and the Appraisal District's tax department provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2019, upon which the October 2019 levy was based, was \$8,815,735,614. The District levied taxes based on a combined tax rate of \$1.4677 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

The 86th session of the Texas Legislature convened in January 2019, with school finance reform as a critical priority. House Bill 3 (“HB3”), passed by the 86th Texas Legislature, was of one of the most transformative Texas education bills in recent history infusing more than \$11 billion into the public school system. HB3 provided more money for Texas classrooms through an increase in the basic allotment for each student from \$5,140 to \$6,160, increased teacher compensation, funded free full-day Pre-K for eligible 4-year-olds, reduced the amount of money wealthy districts must spend to subsidize poor districts through the state’s recapture program, and cut local property taxes for Texas taxpayers. HB3 focused on four major policy areas: teacher support, improving student outcomes, increasing funding, and reduction and reform of property taxes and recapture.

HB3 amended the Education Code to transfer certain sections from Chapter 41 to Chapter 49 and revised formulas used to determine excess local revenue under the Foundation School Program (“FSB”). The formula for recapture is now local revenue in excess of entitlement instead of wealth per weighted average daily attendance (“WADA”) basis. Under HB3, recapture and non-recapture school districts are treated more equitably, and districts only pay tier one recapture on the amount above their formula entitlement. HB3 modified local revenue subject to recapture to be local revenue in excess of entitlement and is calculated by subtracting a district's tier one entitlement (and credit for appraisal costs) from its available school fund (“ASF”) distribution and local fund assignment. The District had no recapture liability as of June 30, 2020.

4. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. In addition, the District has entered into interlocal agreements with local governments in which the District is to be reimbursed for certain costs. These amounts are reported in the basic financial statements as Due from Other Governments and are summarized below as of June 30, 2020.

	General Fund	Debt Service Fund	Food Service Fund	Nonmajor Governmental Funds	Total
State entitlements	\$ 22,287,103	38,103	-	-	22,325,206
Federal and state grants	-	-	342,690	3,842,699	4,185,389
Other	641,810	-	-	-	641,810
Total	<u>\$ 22,928,913</u>	<u>38,103</u>	<u>342,690</u>	<u>3,842,699</u>	<u>27,152,405</u>

5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.”

The composition of interfund balances as of June 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General	Food Service	\$ 4,824,394
General	Nonmajor Governmental	3,842,611
General	Capital Projects	1,932,195
Nonmajor Governmental	Food Service	213,301
Internal Service	General	6,113
Total		<u>\$ 10,818,614</u>

6. Unearned Revenue

At June 30, 2020, unearned revenue in governmental funds consisted of the following:

	General Fund	Food Service	Nonmajor Governmental Funds	Total
Federal and state grants	\$ 3,388,304	64,995	630,106	4,083,405
Prepaid food service accounts	-	214,854	-	214,854
Other	118,011	-	-	118,011
Total	<u>\$ 3,506,315</u>	<u>279,849</u>	<u>630,106</u>	<u>4,416,270</u>

7. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 19,107,950	-	-	19,107,950
Construction in progress	<u>7,693,033</u>	<u>11,246,786</u>	<u>(16,517,644)</u>	<u>2,422,175</u>
Total capital assets not being depreciated	<u>26,800,983</u>	<u>11,246,786</u>	<u>(16,517,644)</u>	<u>21,530,125</u>
Capital assets, being depreciated:				
Buildings and improvements	571,762,193	16,517,644	-	588,279,837
Furniture and equipment	<u>38,857,170</u>	<u>2,216,344</u>	<u>(49,713)</u>	<u>41,023,801</u>
Total capital assets being depreciated	<u>610,619,363</u>	<u>18,733,988</u>	<u>(49,713)</u>	<u>629,303,638</u>
Less accumulated depreciation for:				
Buildings and improvements	(147,470,003)	(9,924,372)	-	(157,394,375)
Furniture and equipment	<u>(24,003,900)</u>	<u>(1,648,458)</u>	<u>49,713</u>	<u>(25,602,645)</u>
Total accumulated depreciation	<u>(171,473,903)</u>	<u>(11,572,830)</u>	<u>49,713</u>	<u>(182,997,020)</u>
Total capital assets, being depreciated, net	<u>439,145,460</u>	<u>7,161,158</u>	<u>-</u>	<u>446,306,618</u>
Governmental activities capital assets, net	<u>\$ 465,946,443</u>	<u>18,407,944</u>	<u>(16,517,644)</u>	<u>467,836,743</u>

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

Governmental activities:

Instruction	\$ 7,764,089
Instructional resources and media services	246,367
Curriculum and staff development	18,145
Instructional leadership	63,740
School leadership	649,780
Guidance, counseling, and evaluation services	294,450
Health services	120,674
Student transportation	828,842
Food services	191,449
Extracurricular activities	259,586
General administration	54,203
Facilities maintenance and operations	729,785
Security and monitoring services	57,065
Data processing services	294,655
Total depreciation expense - governmental activities	<u>\$ 11,572,830</u>

8. Deferred Charges on Bond Refundings

The following is a summary of changes in deferred charges on bond refundings for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance
Deferred charges on refundings	<u>\$ 15,973,675</u>	<u>-</u>	<u>(1,656,008)</u>	<u>14,317,667</u>

9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance
General obligation bonds	\$ 480,995,000	-	(15,225,000)	465,770,000
Premium on bonds	51,125,790	-	(3,462,198)	47,663,592
Total	<u>\$ 532,120,790</u>	<u>-</u>	<u>(18,687,198)</u>	<u>513,433,592</u>

Bonded debt consists of the following at June 30, 2020:

General obligation bonds:

Series	Date of Issue	Amounts of Original Issue	Matures Through	Interest Rate	Outstanding at 6-30-20	Due Within One Year
2004	12-1-04	\$ 45,865,000	2027	3.00 - 5.25%	\$ 270,000	\$ -
2007	1-1-07	46,300,000	2027	4.00 - 5.00%	2,410,000	-
2011 Refunding	10-28-11	8,230,000	2023	4.00%	6,330,000	2,065,000
2012 Refunding	3-29-12	8,310,000	2027	3.50 - 3.75%	8,310,000	-
2012A Refunding	11-15-12	91,070,000	2027	2.37 - 5.00%	63,070,000	7,690,000
2013	5-16-13	54,475,000	2031	2.00 - 5.00%	46,975,000	2,530,000
2014	8-27-14	51,655,000	2039	2.00 - 5.00%	35,405,000	1,395,000
2015 Refunding	12-8-15	8,505,000	2033	4.00%	8,505,000	-
2016 Refunding	6-22-16	55,465,000	2038	4.00 - 5.00%	55,465,000	-
2017	8-9-17	160,340,000	2042	2.00 - 5.00%	150,980,000	1,160,000
2017 Refunding	12-28-17	25,460,000	2038	2.00 - 5.00%	21,190,000	535,000
2018A	9-13-18	42,020,000	2042	3.00 - 5.00%	36,935,000	2,255,000
2018B	9-18-18	29,925,000	2043	2.70- 7.00%	29,925,000	-
Total		<u>\$ 627,620,000</u>			<u>\$ 465,770,000</u>	<u>\$ 17,630,000</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally prohibits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District's debt service rate for 2020 is \$0.4977.

Year Ended June 30,	Principal	Interest	Total
2021	\$ 17,630,000	19,102,553	36,732,553
2022	18,210,000	18,237,753	36,447,753
2023	19,120,000	17,387,803	36,507,803
2024	16,135,000	17,265,861	33,400,861
2025	18,990,000	17,306,143	36,296,143
2026 - 2030	111,135,000	74,220,510	185,355,510
2031 - 2035	99,890,000	51,557,000	151,447,000
2036 - 2040	114,225,000	28,131,150	142,356,150
2041 - 2043	50,435,000	4,097,425	54,532,425
Total	<u>\$ 465,770,000</u>	<u>247,306,198</u>	<u>713,076,198</u>

The District defeased outstanding general obligation bonds through the Series 2017 Refunding Bonds, by placing the proceeds of the new bonds and additional payments from the District in an irrevocable trust to provide for the future debt service payments on the old bonds. Accordingly, the trust account assets and defeased bonds are not included in the District's financial statements. As of June 30, 2020, outstanding bonds of \$7,735,000 are considered defeased.

The Series 2018B Bonds are variable interest bonds and will bear interest at a per annum rate of 2.70% through August 14, 2023. Thereafter, the bonds will bear interest at a rate or rates determined by the remarketing agent as provided in the bond order.

As of June 30, 2020, there were no general obligation bonds authorized by voters of the District that had not been issued.

10. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances are included in the Governmental Funds Balance Sheet on page 14.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

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

11. Revenues from Local and Intermediate Sources

For the year ended June 30, 2020, revenues from local and intermediate sources in governmental funds consisted of the following:

	General Fund	Debt Service Fund	Capital Projects	Food Service	Nonmajor Governmental Funds	Total
Property taxes	\$ 83,015,083	42,559,540	-	-	-	125,574,623
Food service	-	-	-	2,636,047	-	2,636,047
Investment income	1,077,953	229,573	581,487	46,769	-	1,935,782
Penalties, interest, and other tax related income	423,179	211,086	-	-	-	634,265
Co-curricular student activities	261,401	-	-	-	-	261,401
Other	1,886,318	102,644	-	-	302,580	2,291,542
Total	<u>\$ 86,663,934</u>	<u>43,102,843</u>	<u>581,487</u>	<u>2,682,816</u>	<u>302,580</u>	<u>133,333,660</u>

12. Defined Benefit Pension Plans

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 TRS and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

Detailed information about TRS'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.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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, in which the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost-of-living adjustments ("COLAs"). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

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

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

Contributions

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

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

	2019	2020
Contribution Rates:		
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
FY 2020 District Contributions		\$ 4,153,412
FY 2020 Member Contributions		\$ 10,241,431
FY 2020 NECE On-behalf Contributions		\$ 8,117,646

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

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

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

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to:

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

Actuarial Assumptions

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

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

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

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

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

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

Asset Class	FY2019 Target Allocation (1)	New Target Allocation (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
USA	18%	18%	6.4%
Non-U.S. Developed	13%	13%	6.3%
Emerging Markets	9%	9%	7.3%
Directional Hedge Funds	4%	-	-
Private Equity	13%	14%	8.4%
Stable Value			
U.S. Treasuries (4)	11%	16%	3.1%
Stable Value Hedge Funds	4%	5%	4.5%
Absolute Return	0%	0%	0.0%
Real Return			
Global Inflation-Linked Bonds (4)	3%	-	-
Real Estate	14%	15%	8.5%
Energy, Natural Resources and Infrastructure	5%	6%	7.3%
Commodities	0%	0%	0.0%
Risk Parity			
Risk Parity	5%	8%	5.8%/6.5%(5)
Leverage			
Cash	1%	2%	2.50%
Asset Allocation Leverage	-	(6.0%)	2.70%
Expected Return	<u>100%</u>	<u>100%</u>	<u>7.23%</u>

- (1) Target allocations are based on the Strategic Asset Allocation as of FY2019
- (2) New allocations are based on the Strategic Asset Allocation to be implemented FY2020
- (3) 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%
- (4) New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds
- (5) 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 87,920,684	\$ 57,197,381	\$ 32,305,576

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of \$57,197,381 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	\$ 57,197,381
State's proportionate share that is associated with the District	<u>91,906,282</u>
Total	<u>\$149,103,663</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 0.1100% which was an increase of 0.0034% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% 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.

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

For the year ended June 30, 2020 the District recognized pension expense of \$12,984,072 and revenue of \$14,437,182 for support provided by the State.

At June 30, 2020 the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 240,280	\$ 1,985,984
Changes in actuarial assumptions	17,745,437	7,333,254
Difference between projected and actual investment earnings	574,328	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	8,322,857	564
Contributions paid to TRS subsequent to the measurement date	3,519,453	-
Total	<u>\$ 30,402,355</u>	<u>\$ 9,319,802</u>

The \$3,519,453 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year ended June 30:	
2021	\$ 4,544,157
2022	3,872,114
2023	4,361,895
2024	3,846,633
2025	1,391,819
Thereafter	(453,518)

13. Defined Other Post-Employment 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 OPEB plan that has a special funding situation. The plan is administered through a trust by the 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 TRS-Care's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

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

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

	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

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

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

	2019	2020
Contribution Rates:		
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%
FY 2020 District Contributions		\$ 1,130,521
FY 2020 Member Contributions		\$ 900,718
FY 2020 NECE On-behalf Contributions		\$ 1,694,152

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 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.63%
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
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.50% to 10.25%
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 post-employment benefit changes	None

Assumption changes include a discount rate change from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, participation rates were updated, trend rates were reset to better reflect the plan's anticipated experience, percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%, and the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income 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" as of August 31, 2019.

See Note 12 for the best estimate of geometric real rates of return for each major asset class included in the TRS target asset allocation as of August 31, 2019.

Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of the net OPEB liability	\$ 84,425,079	\$ 69,927,624	\$ 58,586,250

Healthcare Cost Trend Rates - The following schedule shows the impact of the Net OPEB Liability if the healthcare cost trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used in measuring the Net OPEB Liability.

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of the net OPEB liability	\$ 57,044,502	\$ 69,927,624	\$ 87,185,090

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the District reported a liability of \$69,927,624 for its proportionate share of 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	\$ 69,927,624
State's proportionate share that is associated with the District	92,918,170
Total	<u>\$162,845,794</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 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 OPEB liability was 0.1479% which was an increase of 0.0041% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

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

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

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,729,469 and revenue of \$2,448,941 for support provided by the State.

At June 30, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,430,544	\$ 11,442,914
Changes in actuarial assumptions	3,883,934	18,808,814
Difference between projected and actual investment earnings	7,545	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,153,557	-
Contributions paid to TRS subsequent to the measurement date	955,723	-
Total	<u>\$ 14,431,303</u>	<u>\$ 30,251,728</u>

The \$955,723 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. 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:

	<u>OPEB Expense Amount</u>
Year ended June 30:	
2021	\$ (3,024,051)
2022	(3,024,051)
2023	(3,026,493)
2024	(3,027,889)
2025	(3,027,507)
Thereafter	(1,646,157)

14. Health Care Coverage

During the year ended June 30, 2020, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$378 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay for any amount above the District contribution. All premiums were paid to TRS acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

15. On-Behalf Payments

The District recognizes as revenues and expenditures retiree drug subsidy reimbursements under the provisions of Medicare Part D made by the federal government to TRS on behalf of the District. For the year ended June 30, 2020, reimbursements of \$672,391 were received by TRS and allocated to the District.

16. Risk Management

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers compensation and other miscellaneous bonds. During the year ended June 30, 2020, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

17. Accumulated Unpaid Vacation and Sick Leave Benefits

The District pays employees, who have been employed in the District for a minimum of five years, for the number of unused local days equal to the number of unused State days accumulated, up to sixty days, upon resignation. The District also pays employees in positions that require twelve months of service for vacation days accumulated, up to thirty days, upon resignation. A summary of changes in the accumulated sick leave and vacation leave liability follows:

	<u>Sick Leave</u>	<u>Vacation Leave</u>
Balance, June 30, 2019	\$ 1,970,442	\$ 1,789,084
Additions - new entrants and salary increments	1,386,671	1,049,733
Deductions - payments to participants	<u>(249,103)</u>	<u>(605,833)</u>
Balance, June 30, 2020	<u>\$ 3,108,010</u>	<u>\$ 2,232,984</u>

18. Commitments and Contingencies

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Uniform Guidance for the year ended June 30, 2020, these programs are subject to financial and compliance audits. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

In September 2017, the District entered into a joint access and use agreement with the YMCA of Austin ("YMCA") whereas the District is entitled to use of a natatorium for thirty years in return for a \$5 million contribution to be used by the YMCA towards construction of said natatorium. Construction began in early 2019. The total amount of the construction contribution was paid during the current year and is recorded as a prepaid item on the balance sheet as of June 30, 2020.

As of June 30, 2020, the District is also committed under construction contracts with a remaining balance of \$2,422,175.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Therefore, while this issue may negatively impact the District's results of operations and financial position, the related financial impact cannot be reasonably estimated at this time. The District is actively managing its operations to maintain its cash flow and management believes that the District has adequate liquidity.

**Required
Supplementary Information**

Hays Consolidated Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas
June 30, 2020**

	2019*	2018*	2017*	2016*	2015*	2014*
District's proportion of the net pension liability	0.1100%	0.1066%	0.0994%	0.0902%	0.0878%	0.0510%
District's proportionate share of the net pension liability	\$ 57,197,381	\$ 58,693,359	\$ 31,770,629	\$ 34,098,555	\$ 31,049,988	\$ 13,613,723
State's proportionate share of the net pension liability associated with the District	91,906,282	98,173,836	58,074,567	65,644,031	60,887,151	52,171,690
Total	<u>\$ 149,103,663</u>	<u>\$ 156,867,195</u>	<u>\$ 89,845,196</u>	<u>\$ 99,742,586</u>	<u>\$ 91,937,139</u>	<u>\$ 65,785,413</u>
District's covered payroll (for Measurement Year)	\$ 127,063,211	\$ 120,101,227	\$ 113,979,417	\$ 102,945,706	\$ 95,029,809	\$ 90,650,174
District's proportionate share of the net pension liability as a percentage of its covered payroll	45.01%	48.87%	27.87%	33.12%	32.67%	15.02%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll	114.93%	126.11%	75.93%	92.75%	91.94%	72.90%

* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2014.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2014.

Hays Consolidated Independent School District
Schedule of District Contributions - Pensions
Teacher Retirement System of Texas
Last 10 Fiscal Years **

	<u>2020</u>	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 4,153,412	\$ 3,225,071	\$ 3,652,161	\$ 3,255,042	\$ 2,867,002	\$ 2,561,538
Contributions in relation to the contractual required contributions	<u>(4,153,412)</u>	<u>(3,225,071)</u>	<u>(3,652,161)</u>	<u>(3,255,042)</u>	<u>(2,867,002)</u>	<u>(2,561,538)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 138,572,069	\$ 105,424,103	\$ 120,101,227	\$ 113,979,417	\$ 102,945,706	\$ 95,029,809
Contributions as a percentage of covered payroll	3.00%	3.06%	3.04%	2.86%	2.78%	2.70%

* The contribution amounts presented for 2019 represent ten months as the District changed its fiscal year end from August 31 to June 30.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2015.

Hays Consolidated Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Teacher Retirement System of Texas
June 30, 2020**

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>
District's proportion of the net OPEB liability	0.1479%	0.1438%	0.1357%
District's proportionate share of the net OPEB liability	\$ 69,927,624	71,781,008	58,998,894
State's proportionate share of the net OPEB liability associated with the District	<u>92,918,170</u>	<u>104,509,858</u>	<u>90,560,410</u>
Total	<u><u>\$ 162,845,794</u></u>	<u><u>176,290,866</u></u>	<u><u>149,559,304</u></u>
District's covered payroll (for Measurement Year)	\$ 127,063,211	120,101,227	113,979,417
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.94%	40.72%	39.45%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll	135.21%	146.64%	132.55%

* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2017.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2017.

Hays Consolidated Independent School District
Schedule of District Contributions - OPEB
Teacher Retirement System of Texas
Last 10 Fiscal Years **

	2020	2019*	2018	2017	2016	2015
Contractually required contributions	\$ 1,130,521	\$ 872,115	\$ 994,811	\$ 705,696	\$ 626,960	\$ 577,134
Contributions in relation to the contractual required contributions	(1,130,521)	(872,115)	(994,811)	(705,696)	(626,960)	(577,134)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 138,572,069	\$ 105,424,103	\$ 120,101,227	\$ 102,945,706	\$ 95,029,809	\$ 95,029,809
Contributions as a percentage of covered payroll	0.82%	0.83%	0.83%	0.69%	0.66%	0.61%

* The contribution amounts presented for 2019 represent ten months as the District changed its fiscal year end from August 31 to June 30.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2015.

Hays Consolidated Independent School District

Note to Required Supplementary Information Year Ended June 30, 2020

1. Change in Assumptions

Pensions

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.

OPEB

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

**Combining and Individual Fund
Statements and Schedules**

Hays Consolidated Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	206	211	224	225	244	255	263	266	289	289	385
	Education for Homeless Children & Youth	Title I Grants to Local Educational Agencies	Special Education Grants to States	Special Education Preschool Grants	Career and Technical Education - Basic Grants to States	Supporting Effective Instruction State Grants	English Language Acquisition State Grants	Education Stabilization Fund	Grants for State Assessments and Related Activities	Student Support and Academic Enrichment Program	Visually Impaired
Assets:											
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-
Receivables:											
Due from other governments	-	367,887	555,555	6,277	57,895	103,821	54,529	1,695,461	-	58,271	6,141
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>367,887</u>	<u>555,555</u>	<u>6,277</u>	<u>57,895</u>	<u>103,821</u>	<u>54,529</u>	<u>1,695,461</u>	<u>-</u>	<u>58,271</u>	<u>6,141</u>
Liabilities and Fund balances:											
Liabilities:											
Accounts payable	\$ -	-	450	-	-	3,950	-	-	-	-	315
Due to other funds	-	367,887	555,105	6,277	57,895	99,871	54,529	1,695,461	-	1,119	5,826
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	57,152	-
Total liabilities	<u>-</u>	<u>367,887</u>	<u>555,555</u>	<u>6,277</u>	<u>57,895</u>	<u>103,821</u>	<u>54,529</u>	<u>1,695,461</u>	<u>-</u>	<u>58,271</u>	<u>6,141</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>367,887</u>	<u>555,555</u>	<u>6,277</u>	<u>57,895</u>	<u>103,821</u>	<u>54,529</u>	<u>1,695,461</u>	<u>-</u>	<u>58,271</u>	<u>6,141</u>

(continued)

Hays Consolidated Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
June 30, 2020

	386	397	410	429	481	489	499	
	Regional Day School for the Deaf	Advanced Placement Initiative	Instructional Materials Allotment	Other State Grants	Education Foundation	San Marcos Civic Foundation Grant	Other Local	Total Nonmajor Governmental Funds
Assets:								
Cash and cash equivalents	\$ -	21,366	970,098	70,113	83,219	4,699	-	1,149,495
Receivables:								
Due from other governments	705,447	-	-	-	-	-	231,415	3,842,699
Due from other funds	-	-	-	-	-	-	213,301	213,301
Total assets	<u>\$ 705,447</u>	<u>21,366</u>	<u>970,098</u>	<u>70,113</u>	<u>83,219</u>	<u>4,699</u>	<u>444,716</u>	<u>5,205,495</u>
Liabilities and Fund balances:								
Liabilities:								
Accounts payable	\$ 420	-	716,271	-	-	-	11,372	732,778
Due to other funds	705,027	-	-	-	-	-	293,614	3,842,611
Unearned revenue	-	21,366	253,827	70,113	83,219	4,699	139,730	630,106
Total liabilities	<u>705,447</u>	<u>21,366</u>	<u>970,098</u>	<u>70,113</u>	<u>83,219</u>	<u>4,699</u>	<u>444,716</u>	<u>5,205,495</u>
Total fund balances	-	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 705,447</u>	<u>21,366</u>	<u>970,098</u>	<u>70,113</u>	<u>83,219</u>	<u>4,699</u>	<u>444,716</u>	<u>5,205,495</u>

Hays Consolidated Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	206	211	224	225	244	255	263	266	289	289	385
	Education for Homeless Children & Youth	Title I Grants to Local Educational Agencies	Special Education Grants to States	Special Education Preschool Grants	Career and Technical Education - Basic Grants to States	Supporting Effective Instruction State Grants	English Language Acquisition State Grants	Education Stabilization Fund	Grants for State Assessments and Related Activities	Student Support and Academic Enrichment Program	Visually Impaired
Revenues:											
Local and intermediate sources	\$ -	-	-	-	-	-	-	-	-	-	-
State program revenues	-	-	-	-	-	-	-	-	-	-	8,959
Federal program revenues	36,397	1,908,395	3,115,417	27,193	141,863	376,527	301,326	1,695,461	17,364	165,469	-
Total revenues	36,397	1,908,395	3,115,417	27,193	141,863	376,527	301,326	1,695,461	17,364	165,469	8,959
Expenditures:											
Instruction	36,397	1,384,981	2,833,463	27,193	66,376	160,120	292,929	1,695,461	17,364	29,298	8,589
Instructional resources and media services	-	-	-	-	-	-	-	-	-	-	-
Curriculum and staff development	-	467,797	-	-	75,487	216,407	-	-	-	-	370
Instructional leadership	-	-	100,670	-	-	-	-	-	-	-	-
School leadership	-	1,513	33,776	-	-	-	-	-	-	-	-
Guidance, counseling and evaluation services	-	-	147,052	-	-	-	-	-	-	-	-
Health services	-	-	-	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-	-	-	-	-
Facilities maintenance and operations	-	13,449	456	-	-	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-	-	-	-	136,171	-
Data processing services	-	-	-	-	-	-	-	-	-	-	-
Community services	-	40,655	-	-	-	-	8,397	-	-	-	-
Total expenditures	36,397	1,908,395	3,115,417	27,193	141,863	376,527	301,326	1,695,461	17,364	165,469	8,959
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-	-	-	-	-	-	-
Fund balance - ending	\$ -	-	-	-	-	-	-	-	-	-	-

(continued)

Hays Consolidated Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2020

	386	397	410	429	481	489	499	
	Regional Day School for the Deaf	Advanced Placement Initiative	Instructional Materials Allotment	Other State Grants	Education Foundation	San Marcos Civic Foundation Grant	Other Local	Total Nonmajor Governmental Funds
Revenues:								
Local and intermediate sources	\$ -	-	-	-	50,635	18,532	233,413	302,580
State program revenues	1,539,408	24,137	3,981,696	60,636	-	-	-	5,614,836
Federal program revenues	-	-	-	-	-	-	-	7,785,412
Total revenues	1,539,408	24,137	3,981,696	60,636	50,635	18,532	233,413	13,702,828
Expenditures:								
Instruction	1,401,989	-	3,981,696	-	38,006	-	2,843	11,976,705
Instructional resources and media services	-	-	-	149	142	-	249	540
Curriculum and staff development	-	24,137	-	1,580	7,880	18,532	-	812,190
Instructional leadership	40,167	-	-	-	-	-	-	140,837
School leadership	-	-	-	-	-	-	490	35,779
Guidance, counseling and evaluation services	80,604	-	-	58,907	-	-	-	286,563
Health services	-	-	-	-	-	-	51,714	51,714
Student transportation	-	-	-	-	-	-	31,569	31,569
General administration	-	-	-	-	-	-	7,759	7,759
Facilities maintenance and operations	-	-	-	-	-	-	108,013	121,918
Security and monitoring services	-	-	-	-	-	-	8,477	144,648
Data processing services	-	-	-	-	-	-	21,946	21,946
Community services	16,648	-	-	-	4,607	-	353	70,660
Total expenditures	1,539,408	24,137	3,981,696	60,636	50,635	18,532	233,413	13,702,828
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-	-	-	-
Fund balance - ending	\$ -	-	-	-	-	-	-	-

Hays Consolidated Independent School District
Combining Statement of Net Position
Nonmajor Internal Service Funds
June 30, 2020

	752	753	Total Internal Service Funds
	<u>Print Shop</u>	<u>Insurance</u>	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,057,459	\$ 276	\$ 1,057,735
Inventory	30,121	-	30,121
Total current assets	1,087,580	276	1,087,856
Noncurrent assets:			
Furniture and equipment	76,178	-	76,178
Depreciation on furniture and equipment	(50,319)	-	(50,319)
Total noncurrent assets	25,859	-	25,859
Total assets	1,113,439	276	1,113,715
Deferred Outflows of Resources:			
Pension contributions after measurement date	4,588	-	4,588
Deferred outflows related to pension liability	35,048	-	35,048
OPEB contributions after measurement date	1,242	-	1,242
Deferred outflows related to OPEB liability	17,519	-	17,519
Total deferred outflows of resources	58,397	-	58,397
Liabilities:			
Current liabilities-			
Accounts payable	1,370	-	1,370
Noncurrent liabilities:			
Net pension liability	74,570	-	74,570
Net OPEB liability	90,905	-	90,905
Total noncurrent liabilities	165,475	-	165,475
Total liabilities	166,845	-	166,845
Deferred Inflows of Resources:			
Deferred inflows related to pension liability	12,150	-	12,150
Deferred inflows related to OPEB liability	39,328	-	39,328
Total deferred inflows of resources	51,478	-	51,478
Net Position:			
Invested in capital assets	25,859	-	25,859
Unrestricted	927,654	276	927,930
Total net position	\$ 953,513	\$ 276	\$ 953,789

Hays Consolidated Independent School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Internal Service Funds
Year Ended June 30, 2020

	752	753	
	Print Shop	Insurance	Totals
Operating revenues:			
Local and intermediate sources	\$ 773,762	\$ 251	\$ 774,013
State program revenues	14,941	-	14,941
Total operating revenues	<u>788,703</u>	<u>251</u>	<u>788,954</u>
Operating expenses:			
Payroll costs	221,448	-	221,448
Professional and contracted services	156,622	-	156,622
Supplies and materials	151,546	-	151,546
Other operating costs	<u>13,208</u>	<u>-</u>	<u>13,208</u>
Total operating expenses	<u>542,824</u>	<u>-</u>	<u>542,824</u>
Operating income	<u>245,879</u>	<u>251</u>	<u>246,130</u>
Change in net position	245,879	251	246,130
Net position - beginning	<u>707,634</u>	<u>25</u>	<u>707,659</u>
Net position - ending	<u><u>\$ 953,513</u></u>	<u><u>\$ 276</u></u>	<u><u>\$ 953,789</u></u>

Hays Consolidated Independent School District
Combining Statement of Cash Flows
Nonmajor Internal Service Funds
Year Ended June 30, 2020

	752	753	
	Print Shop	Insurance	Totals
Cash Flows from Operating Activities:			
Receipts from interfund services provided	\$ 773,762	\$ 251	\$ 774,013
Payments to suppliers	(323,363)	-	(323,363)
Payments to employees	(221,448)	-	(221,448)
Other receipts	238	-	238
Net cash provided by operating activities	229,189	251	229,440
Net increase in cash and cash equivalents	229,189	251	229,440
Cash and cash equivalents - beginning of the year	828,270	25	828,295
Cash and cash equivalents -end of the year	<u>\$ 1,057,459</u>	<u>\$ 276</u>	<u>\$ 1,057,735</u>
 Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income	\$ 245,879	\$ 251	\$ 246,130
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in other receivable	476	-	476
Increase in inventory	(8,021)	-	(8,021)
Decrease in due from other funds	6,458	-	6,458
Decrease in accounts payable	(7,174)	-	(7,174)
Changes related to net pension liability	6,331	-	6,331
Changes related to net OPEB liability	(14,760)	-	(14,760)
Net cash provided by operating activities	<u>\$ 229,189</u>	<u>\$ 251</u>	<u>\$ 229,440</u>

Hays Consolidated Independent School District
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020

	719	727	748	
	<u>School Based Health Clinic</u>	<u>District-Wide Child Care</u>	<u>Community Education</u>	<u>Totals</u>
Assets-				
Current assets:				
Cash and cash equivalents	\$ 7,175	\$ 727,463	\$ 2,177	\$ 736,815
Due from other funds	-	6,113	-	6,113
Total assets	<u>7,175</u>	<u>733,576</u>	<u>2,177</u>	<u>742,928</u>
Deferred Outflows of Resources:				
Pension contributions after measurement date	-	31,994	-	31,994
Deferred outflows related to pension liability	-	244,385	-	244,385
OPEB contributions after measurement date	-	8,697	-	8,697
Deferred outflows related to OPEB liability	-	122,628	-	122,628
Total deferred outflows of resources	<u>-</u>	<u>407,704</u>	<u>-</u>	<u>407,704</u>
Liabilities:				
Noncurrent liabilities:				
Net pension liability	-	519,965	-	519,965
Net OPEB liability	-	636,342	-	636,342
Total noncurrent liabilities	<u>-</u>	<u>1,156,307</u>	<u>-</u>	<u>1,156,307</u>
Total liabilities	<u>-</u>	<u>1,156,307</u>	<u>-</u>	<u>1,156,307</u>
Deferred Outflows of Resources:				
Deferred inflows related to pension liability	-	84,724	-	84,724
Deferred inflows related to OPEB liability	-	275,290	-	275,290
Total deferred outflows of resources	<u>-</u>	<u>360,014</u>	<u>-</u>	<u>360,014</u>
Net Position-				
Unrestricted	<u>7,175</u>	<u>(375,041)</u>	<u>2,177</u>	<u>(365,689)</u>
Total net position	<u>\$ 7,175</u>	<u>\$ (375,041)</u>	<u>\$ 2,177</u>	<u>\$ (365,689)</u>

Hays Consolidated Independent School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2020

	719	727	748	
	<u>School Based Health Clinic</u>	<u>District-Wide Child Care</u>	<u>Community Education</u>	<u>Totals</u>
Operating revenues:				
Local and intermediate sources	\$ -	\$ 1,510,934	\$ -	\$ 1,510,934
State program revenues	-	98,131	-	98,131
	<u>-</u>	<u>1,609,065</u>	<u>-</u>	<u>1,609,065</u>
Operating expenses:				
Payroll costs	-	1,671,122	-	1,671,122
Professional and contracted services	-	2	-	2
Supplies and materials	-	55,345	-	55,345
Other operating costs	-	4,878	-	4,878
	<u>-</u>	<u>1,731,347</u>	<u>-</u>	<u>1,731,347</u>
Total operating expenses	-	1,731,347	-	1,731,347
Operating loss	-	(122,282)	-	(122,282)
	<u>-</u>	<u>(122,282)</u>	<u>-</u>	<u>(122,282)</u>
Change in net position	-	(122,282)	-	(122,282)
Net position - beginning	7,175	(252,759)	2,177	(243,407)
	<u>7,175</u>	<u>(252,759)</u>	<u>2,177</u>	<u>(243,407)</u>
Net position - ending	\$ 7,175	\$ (375,041)	\$ 2,177	\$ (365,689)
	<u>\$ 7,175</u>	<u>\$ (375,041)</u>	<u>\$ 2,177</u>	<u>\$ (365,689)</u>

Hays Consolidated Independent School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2020

	719	727	748	
	School Based Health Clinic	District-Wide Child Care	Community Education	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ -	\$ 1,709,873	\$ -	\$ 1,709,873
Payments to suppliers	-	(55,347)	-	(55,347)
Payments to employees	-	(1,671,122)	-	(1,671,122)
Other receipts (payments)	(6,398)	175,647	-	169,249
Net cash provided by (used in) operating activities	(6,398)	159,051	-	152,653
Net change in cash and cash equivalents	(6,398)	159,051	-	152,653
Cash and cash equivalents - beginning of the year	13,573	568,412	2,177	584,162
Cash and cash equivalents - end of the year	<u>\$ 7,175</u>	<u>727,463</u>	<u>2,177</u>	<u>736,815</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:				
Operating loss	\$ -	\$ (122,282)	\$ -	\$ (122,282)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Decrease in due from other funds	246	198,939	-	199,185
Decrease in accounts payable	(6,644)	-	-	(6,644)
Changes related to net pension liability	-	76,306	-	76,306
Changes related to net OPEB liability	-	6,088	-	6,088
Net cash provided by (used in) operating activities	<u>\$ (6,398)</u>	<u>\$ 159,051</u>	<u>\$ -</u>	<u>\$ 152,653</u>

Hays Consolidated Independent School District
Major Governmental Fund - Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Local and intermediate sources	\$ 41,354,502	41,354,502	43,102,843	1,748,341
State program revenues	-	-	915,128	915,128
Total revenues	41,354,502	41,354,502	44,017,971	2,663,469
Expenditures-				
Debt service:				
Principal on long-term debt	21,822,149	21,822,149	15,225,000	6,597,149
Interest on long-term debt	19,507,353	19,507,353	19,846,853	(339,500)
Bond issuance costs and fees	25,000	25,000	19,490	5,510
Total expenditures	41,354,502	41,354,502	35,091,343	6,263,159
Excess of revenues over expenditures	-	-	8,926,628	8,926,628
Fund balance - beginning	23,349,912	23,349,912	23,349,912	-
Fund balance - ending	\$ 23,349,912	23,349,912	32,276,540	8,926,628

Other Schedules

Hays Consolidated Independent School District
Schedule of Delinquent Taxes Receivable
Year Ended June 30, 2020

Years Ended	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 6/30/2019	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 6/30/2020
	Maintenance	Debt Service							
2011 and earlier	Various	Various	\$ -	\$ 608,887	-	4,198	1,730	680	603,639
2012	1.0400	0.4213	3,620,543,198	56,892	-	2,706	1,096	593	53,683
2013	1.0400	0.4213	3,662,838,637	63,488	-	1,954	792	(945)	59,797
2014	1.0400	0.4213	3,977,355,300	70,040	-	2,705	1,094	(701)	65,540
2015	1.0400	0.4977	4,196,546,345	96,556	-	7,842	3,753	4,034	88,995
2016	1.0400	0.4977	4,560,295,636	125,075	-	10,481	5,016	(494)	109,084
2017	1.0400	0.4977	5,987,582,233	167,734	-	21,930	10,448	(5,422)	129,934
2018	1.0400	0.4977	6,825,171,269	557,828	-	11,460	5,414	(322,519)	218,435
2019	1.0400	0.4977	7,696,607,759	1,563,581	-	278,807	133,005	(675,693)	476,076
2020	0.9700	0.4977	8,815,735,614	-	125,669,952	82,673,000	42,397,192	1,809,753	2,409,513
Totals				<u>\$ 3,310,081</u>	<u>125,669,952</u>	<u>83,015,083</u>	<u>42,559,540</u>	<u>809,286</u>	<u>4,214,696</u>

Hays Consolidated Independent School District
Exhibit L-1 - Required Responses to Selected
School First Indicators
June 30, 2020

Data Control Codes	Description	Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any 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	\$ -

Statistical Section

Statistical Section

This part of the District statistical comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information. The statistical section includes 19 schedules. These schedules fall within the following categories:

<u>Contents</u>	<u>Page</u>
Financial Trend Data	72
These schedules contain trend information on how the District's financial performance and well-being have changed over time.	
Revenue Capacity Data	79
These schedules contain information on the District's most significant local revenue source, the property tax.	
Debt Capacity Data	84
These schedules present information to help assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Data	88
These schedules offer demographic and economic indicators to help understand the environment within which the District's financial activities take place.	
Operating Information	90
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it performs.	

Hays Consolidated Independent School District
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 1

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ (21,042,851)	(26,435,336)	(19,935,628)	(19,508,868)	(22,175,722)	(23,499,187)	(8,409,938)	(8,523,207)	(14,182,958)	(12,306,211)
Restricted	5,465,331	5,233,663	4,326,228	2,722,912	3,128,450	3,258,348	2,772,186	4,147,547	19,691,640	29,392,990
Unrestricted	<u>27,076,884</u>	<u>35,228,600</u>	<u>31,433,341</u>	<u>34,876,127</u>	<u>30,362,863</u>	<u>38,552,594</u>	<u>27,685,486</u>	<u>(53,379,575)</u>	<u>(47,978,066)</u>	<u>(55,821,696)</u>
	11,499,364	14,026,927	15,823,941	18,090,171	11,315,591	18,311,755	22,047,734	(57,755,235)	(42,469,384)	(38,734,917)
Business type activities										
Net investment in capital assets	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>236,293</u>	<u>398,973</u>	<u>538,550</u>	<u>747,846</u>	<u>686,040</u>	<u>658,490</u>	<u>566,140</u>	<u>(256,908)</u>	<u>(243,407)</u>	<u>(365,689)</u>
	236,293	398,973	538,550	747,846	686,040	658,490	566,140	(256,908)	(243,407)	(365,689)
Primary Government										
Net investment in capital assets	(21,042,851)	(26,435,336)	(19,935,628)	(19,508,868)	(22,175,722)	(23,499,187)	(8,409,938)	(8,523,207)	(14,182,958)	(12,306,211)
Restricted	5,465,331	5,233,663	4,326,228	2,722,912	3,128,450	3,258,348	2,772,186	4,147,547	19,691,640	29,392,990
Unrestricted	<u>27,313,177</u>	<u>35,627,573</u>	<u>31,971,891</u>	<u>35,623,973</u>	<u>31,048,903</u>	<u>39,211,084</u>	<u>28,251,626</u>	<u>(53,636,483)</u>	<u>(48,221,473)</u>	<u>(56,187,385)</u>
	11,735,657	14,425,900	16,362,491	18,838,017	12,001,631	18,970,245	22,613,874	(58,012,143)	(42,712,791)	(39,100,606)
Total primary government net position	<u>\$ 11,735,657</u>	<u>14,425,900</u>	<u>16,362,491</u>	<u>18,838,017</u>	<u>12,001,631</u>	<u>18,970,245</u>	<u>22,613,874</u>	<u>(58,012,143)</u>	<u>(42,712,791)</u>	<u>(39,100,606)</u>

Prior to 2019, fiscal year-end was August 31.

Source of Information: Hays Consolidated Independent School District

Hays Consolidated Independent School District
Expenses, Program Revenues and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Instruction	\$ 78,585,619	77,074,761	78,775,589	85,352,568	92,184,631	104,811,892	108,247,784	114,814,051	109,548,648	137,456,087
Instructional resources and media services	2,302,667	2,156,431	2,138,611	2,193,184	2,182,374	2,291,674	2,340,974	2,883,062	3,600,426	3,669,508
Curriculum and staff development	1,438,232	1,379,454	1,583,342	1,721,020	2,411,741	3,325,715	3,663,644	2,868,662	2,143,610	2,504,046
Instructional leadership	1,792,866	1,790,933	1,875,678	1,919,744	2,462,739	3,106,845	3,311,840	3,498,890	3,064,944	4,836,333
School leadership	7,043,969	7,225,406	7,387,447	7,437,559	7,885,113	9,451,371	10,058,400	11,133,136	11,143,904	13,778,291
Guidance, counseling, and evaluation services	4,354,786	4,114,542	4,271,372	4,386,199	4,468,675	5,305,875	5,044,509	6,025,876	6,038,703	7,711,396
Social work services	271,138	147,551	150,432	146,646	168,984	242,288	535,162	329,784	379,618	265,824
Health services	1,621,964	1,706,732	1,781,732	1,750,795	1,830,198	1,880,450	1,929,862	2,053,262	2,011,596	2,445,998
Student transportation	8,567,071	9,487,052	9,791,739	9,457,529	9,153,845	9,912,603	10,475,450	10,928,526	10,526,351	13,281,818
Food services	6,638,266	7,571,737	7,435,752	7,690,558	8,009,110	9,167,980	8,548,077	8,543,174	8,160,367	9,250,030
Extracurricular activities	2,850,112	2,873,827	2,942,643	3,107,728	3,492,631	4,514,217	4,383,613	4,788,104	4,070,199	5,517,340
General administration	3,000,312	3,192,563	2,975,715	3,196,789	3,531,789	4,046,355	4,835,276	4,485,798	4,130,173	5,049,263
Facilities maintenance and operations	14,304,982	14,210,868	16,032,872	14,933,251	14,653,482	14,668,826	18,160,410	20,170,693	17,210,442	21,173,841
Security and monitoring services	1,041,113	1,055,392	1,070,168	1,183,355	1,161,956	1,225,486	1,501,888	1,721,178	1,810,633	1,961,404
Data processing services	2,531,665	2,379,850	2,715,920	2,627,362	3,760,478	4,661,911	4,832,224	5,387,084	4,441,789	5,563,587
Community services	224,209	268,038	224,473	251,532	283,275	385,802	342,092	301,028	350,869	388,932
Interest on long-term debt	15,951,849	15,253,570	13,774,776	12,266,520	14,049,166	11,746,371	12,260,504	14,907,519	15,230,566	17,786,038
Bond issuance costs and fees	4,200	3,450	4,200	356,508	11,154	614,954	1,120,642	282,390	634,293	19,490
Facilities acquisition and construction	-	-	-	-	-	-	-	5,504,580	8,236,643	3,429,518
Payments related to										
shared services arrangements	141,513	17,947	84,358	68,503	238,923	268,872	388,879	300,988	294,484	211,762
Other intergovernmental charges	543,641	564,597	554,831	544,826	607,143	619,561	674,577	709,013	772,909	896,922
Total governmental activities expense	153,210,174	152,474,701	155,571,650	160,592,176	172,547,407	192,249,048	202,655,807	221,636,798	213,801,167	257,197,428
Business-type activities:										
Childcare - District-wide	1,098,581	1,098,581	1,167,387	1,093,532	1,158,911	1,373,936	1,370,324	1,250,463	1,298,680	1,731,347
Other Enterprise Funds	52,460	52,460	58,832	45,599	20,312	44,852	84,983	35,554	-	-
Total business-type activities expense	1,151,041	1,151,041	1,226,219	1,139,131	1,179,223	1,418,788	1,455,307	1,286,017	1,298,680	1,731,347
Total primary government expenses	154,361,215	153,625,742	156,797,869	161,731,307	173,726,630	193,667,836	204,111,114	222,922,815	215,099,847	258,928,775

(continued)

Prior to 2019, fiscal year-end was August 31.

Source of Information: Hays Consolidated Independent School District

Hays Consolidated Independent School District
Expenses, Program Revenues and Net (Expense)/Revenue
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 2 (continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues										
Governmental activities:										
Charges for services										
Instruction	\$ 519,260	602,354	536,549	434,144	471,626	466,365	555,058	1,165,042	628,376	1,542,679
Food services	2,588,377	2,603,301	2,753,560	2,796,458	2,848,084	2,986,824	2,978,148	3,350,262	3,278,676	2,636,047
Extracurricular activities	287,851	390,615	314,247	302,485	326,483	294,487	349,947	372,999	340,734	261,401
Facilities maintenance and operations	165,371	245,288	331,618	286,678	395,230	365,658	383,259	496,326	437,126	301,293
Community services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	29,192,386	27,401,927	25,215,204	25,326,379	27,125,007	29,252,411	29,436,444	51,630,194	29,774,364	39,873,798
Total primary government program revenues	32,753,245	31,243,485	29,151,178	29,146,144	31,166,430	33,365,745	33,702,856	57,014,823	34,459,276	44,615,218
Business-type activities:										
District-Wide Childcare	1,225,762	1,258,656	1,299,247	1,295,167	1,242,848	1,345,536	1,332,703	1,395,607	1,312,181	1,609,065
School-based Health Clinic	35,049	55,065	66,549	53,260	11,094	45,702	30,254	29,483	-	-
Total business-type activities revenues	1,260,811	1,313,721	1,365,796	1,348,427	1,253,942	1,391,238	1,362,957	1,425,090	1,312,181	1,609,065
Total primary government revenues	34,014,056	32,557,206	30,516,974	30,494,571	32,420,372	34,756,983	35,065,813	58,439,913	35,771,457	46,224,283

Prior to 2019, fiscal year-end was August 31.

Source of Information: Hays Consolidated Independent School District

Hays Consolidated Independent School District
General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Schedule 3

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (120,456,929)	(121,231,216)	(126,420,472)	(131,446,032)	(141,380,977)	(158,883,303)	(168,768,951)	(164,621,975)	(179,341,891)	(212,582,210)
Business-type activities	23,378	162,680	139,577	209,296	74,719	(27,550)	(92,350)	139,073	13,501	(122,282)
Total primary government net expense	<u>(120,433,551)</u>	<u>(121,068,536)</u>	<u>(126,280,895)</u>	<u>(131,236,736)</u>	<u>(141,306,258)</u>	<u>(158,910,853)</u>	<u>(168,861,301)</u>	<u>(164,482,902)</u>	<u>(179,328,390)</u>	<u>(212,704,492)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	38,578,301	39,819,191	42,438,140	44,123,473	48,011,760	54,407,063	62,826,641	70,597,077	78,569,804	83,911,312
Property taxes levied for debt service	15,653,990	16,162,668	16,975,648	17,865,332	22,993,340	26,096,066	30,061,633	33,793,448	37,581,262	43,030,316
State aid-formula grants	68,905,361	67,630,168	68,734,114	73,523,774	78,696,858	84,932,606	78,950,276	79,327,796	75,017,644	87,219,968
Investment earnings	109,408	100,693	104,920	69,273	146,896	387,648	657,291	2,669,340	3,303,183	1,935,782
Miscellaneous	-	46,059	120,132	186,303	45,423	56,084	9,089	923,095	155,849	219,299
Total government activities	<u>123,247,060</u>	<u>123,758,779</u>	<u>128,372,954</u>	<u>135,768,155</u>	<u>149,894,277</u>	<u>165,879,467</u>	<u>172,504,930</u>	<u>187,310,756</u>	<u>194,627,742</u>	<u>216,316,677</u>
Change in Net Position										
Governmental activities	2,790,131	2,527,563	1,952,482	4,322,123	8,513,300	6,996,164	3,735,979	22,688,781	15,285,851	3,734,467
Business-type activities	23,378	162,680	139,577	209,296	74,719	(27,550)	(92,350)	139,073	13,501	(122,282)
Total primary government	<u>\$ 2,813,509</u>	<u>2,690,243</u>	<u>2,092,059</u>	<u>4,531,419</u>	<u>8,588,019</u>	<u>6,968,614</u>	<u>3,643,629</u>	<u>22,827,854</u>	<u>15,299,352</u>	<u>3,612,185</u>

Prior to 2019, fiscal year-end was August 31.

Source of Information: Hays Consolidated Independent School District

Hays Consolidated Independent School District
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 4

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ -	-	1,275	60,927	25,430	63,306	32,862	1,300	2,370	5,378,352
Committed	930,000	1,320,000	1,290,000	2,280,000	5,375,000	4,931,000	8,725,000	3,509,200	1,736,899	-
Assigned	1,588,920	3,205,862	2,046,610	655,581	372,518	3,450,273	4,162,549	11,461,783	7,455,497	3,529,302
Unassigned	29,001,609	29,564,350	32,740,164	37,146,051	40,552,771	44,488,749	37,885,773	34,613,866	54,934,187	58,590,958
Total general fund	31,520,529	34,090,212	36,078,049	40,142,559	46,325,719	52,933,328	50,806,184	49,586,149	64,128,953	67,498,612
All Other Governmental Funds										
Nonspendable	-	-	913	-	-	841	512	500	500	500
Committed	-	-	-	-	-	-	-	-	-	-
Restricted:										
Debt service funds	3,870,366	3,913,075	1,652,119	1,340,834	1,633,963	1,444,389	1,142,137	2,006,431	23,349,912	32,276,540
Authorized construction	13,337,163	5,520,043	3,178,321	59,566,975	40,047,724	10,245,619	163,748,921	38,504,693	35,965,570	18,920,149
Grant funds	1,731,455	1,439,117	1,171,884	1,219,161	1,283,148	1,264,422	1,540,113	2,315,065	3,310,410	3,570,317
Assigned:										
Construction	676,310	677,114	487,575	476,993	452,876	284,000	55,749	51,085	52,144	52,822
Purchases on order	-	-	-	-	39,562	26,413	20,959	-	-	-
Total all other governmental funds	19,615,294	11,549,349	6,490,812	62,603,963	43,457,273	13,265,684	166,508,391	42,877,774	62,678,536	54,820,328
Total Governmental Funds	<u>\$ 51,135,823</u>	<u>45,639,561</u>	<u>42,568,861</u>	<u>102,746,522</u>	<u>89,782,992</u>	<u>66,199,012</u>	<u>217,314,575</u>	<u>92,463,923</u>	<u>126,807,489</u>	<u>122,318,940</u>

Prior to 2019, fiscal year-end was August 31.

Source of Information: Hays Consolidated Independent School District

Hays Consolidated Independent School District
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 5

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Local and intermediate sources	\$ 58,188,589	60,272,037	63,425,781	66,325,038	75,258,464	84,863,053	98,435,018	113,607,423	124,315,788	133,333,660
State programs revenues	82,526,610	80,431,090	81,519,242	86,061,519	92,966,538	99,367,340	93,784,115	90,039,709	84,790,190	103,161,882
Federal programs revenues	15,453,320	14,427,706	11,812,792	12,542,845	11,045,109	13,111,617	13,541,311	13,846,370	13,004,528	16,396,007
Total Revenues	156,168,519	155,130,833	156,757,815	164,929,402	179,270,111	197,342,010	205,760,444	217,493,502	222,110,506	252,891,549
Expenditures by Function:										
Instruction	72,075,839	70,574,682	72,715,271	78,831,772	86,600,733	91,009,858	97,332,263	101,676,054	96,335,343	118,016,735
Instructional resources and media services	2,106,736	1,960,469	1,941,958	1,996,531	1,996,950	2,023,272	2,079,957	2,519,951	3,482,941	3,186,125
Curriculum and staff development	1,395,223	1,336,445	1,540,333	1,678,011	2,379,021	3,184,042	3,582,413	2,761,806	1,973,299	2,340,289
Instructional leadership	1,791,941	1,790,008	1,874,753	1,918,819	2,485,211	2,949,233	3,241,944	3,319,517	2,714,209	4,263,969
School leadership	6,524,056	6,705,384	6,865,771	6,915,883	7,418,698	8,512,099	9,292,350	9,978,796	9,433,122	11,565,750
Guidance, counseling, and evaluation services	4,147,729	3,907,427	4,063,716	4,178,543	4,297,038	4,838,321	4,686,444	5,481,817	5,332,461	6,701,183
Social work services	271,138	147,551	150,432	146,646	169,560	233,512	351,607	311,703	338,755	247,399
Health services	1,527,148	1,611,904	1,665,737	1,634,800	1,725,070	1,687,372	1,752,367	1,816,096	1,754,277	2,105,072
Student transportation	7,199,099	8,107,454	9,105,596	8,621,617	9,177,755	10,056,405	10,362,395	10,348,650	10,753,218	12,096,316
Food services	6,620,780	7,552,630	7,648,444	7,955,063	7,923,593	8,467,554	8,177,530	8,335,277	8,089,916	9,171,921
Extracurricular activities	2,723,082	2,813,710	2,854,163	2,973,678	3,469,851	3,710,759	4,066,622	4,374,590	3,763,401	5,010,967
General administration	2,933,490	3,028,963	2,944,382	3,167,448	3,531,979	3,928,900	4,792,565	4,417,563	3,930,886	4,760,888
Facilities maintenance and operations	13,493,434	13,068,866	13,482,765	14,065,597	13,943,176	15,148,240	18,397,915	19,462,584	15,984,059	19,387,247
Security and monitoring services	995,739	1,012,142	1,022,530	1,135,717	1,118,623	1,171,521	1,453,104	1,673,785	1,769,822	1,811,236
Data processing services	2,309,567	2,153,900	2,495,538	2,329,813	3,753,419	4,669,491	4,446,394	5,044,612	3,980,786	4,827,561
Community services	224,209	268,038	224,473	251,532	282,388	309,814	336,296	292,218	308,664	355,170
Debt service - principal on long-term debt	9,812,519	11,721,051	13,001,945	12,209,061	14,350,000	18,370,000	21,615,000	17,755,000	7,445,000	15,225,000
Debt service - interest on long-term debt	14,332,942	13,900,236	12,942,377	12,146,515	14,378,185	12,459,775	13,227,640	17,629,077	9,940,675	19,846,853
Debt service - bond issuance costs and fees	4,200	249,914	1,005,750	356,508	11,154	614,954	1,214,650	282,390	634,293	19,490
Facilities acquisition and construction	1,785,471	8,202,465	2,556,071	1,083,747	12,375,171	25,832,053	19,373,683	124,132,190	74,365,544	15,332,243
Payments related to										
shared services arrangements	141,513	17,947	84,358	68,503	238,923	268,872	388,879	300,988	294,484	211,762
Other intergovernmental charges	543,641	564,597	554,831	544,826	607,143	619,561	674,577	709,013	772,909	896,922
Total Expenditures by Function	\$ 152,959,496	160,695,783	160,741,194	164,210,630	192,233,641	220,065,608	230,846,595	342,623,677	263,398,064	257,380,098
Debt service as a % of noncapital expenditures	15.97%	16.76%	16.38%	15.00%	16.15%	14.99%	16.10%	15.91%	9.26%	14.39%

(continued)

Prior to 2019, fiscal year-end was August 31.

This table includes all governmental fund types of the Hays Consolidated Independent School District.

Revenue classifications are in accordance with those prescribed by the Texas Education Agency.

Source of Information: Hays Consolidated Independent School District

Hays Consolidated Independent School District
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 5 (continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other financing Sources (Uses):										
General long-term debt issued	\$ -	-	-	51,655,000	-	-	160,340,000	-	71,945,000	-
Refunding bonds issued	-	16,540,000	145,545,000	-	-	63,970,000	-	25,460,000	-	-
Sale of assets	19,035	8,141	-	-	-	44,300	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	-	-
Premium/discount on issuance of bond	-	2,387,320	20,324,013	7,803,889	-	12,944,809	15,861,714	3,062,193	3,686,124	-
Special items	-	-	-	-	-	-	-	-	-	-
Transfers in	3,033,907	3,000,000	-	-	-	-	-	-	-	-
Transfers out	(3,033,907)	(3,000,000)	(164,800,866)	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	(18,866,773)	-	-	-	77,819,491	-	(28,242,670)	-	-
Total Other Financing Sources (Uses)	19,035	68,688	1,068,147	59,458,889	-	154,778,600	176,201,714	279,523	75,631,124	-
Net change in fund balances	\$ 3,228,058	(5,496,262)	(2,915,232)	60,177,661	(12,963,530)	132,055,002	151,115,563	(124,850,652)	34,343,566	(4,488,549)

Prior to 2019, fiscal year-end was August 31.

This table includes all governmental fund types of the Hays Consolidated Independent School District.

Revenue classifications are in accordance with those prescribed by the Texas Education Agency.

Source of Information: Hays Consolidated Independent School District

**Hays Consolidated Independent School District
Total Assessed and Net Taxable Value of Taxable Property
Last Ten Fiscal Years**

Schedule 6

Fiscal Year	Total Assessed Value	Total Exemptions and Freeze	Net Taxable Value	Maintenance and Operations Rate	Interest and Sinking Rate	Total Direct Rate
2011	3,689,035,058	236,348,172	3,452,686,886	1.0400	0.4213	1.4613
2012	3,885,200,709	322,181,051	3,563,019,658	1.0400	0.4213	1.4613
2013	4,046,887,205	338,534,872	3,708,352,333	1.0400	0.4213	1.4613
2014	4,237,471,976	326,694,271	3,910,777,705	1.0400	0.4213	1.4613
2015	4,651,060,372	427,366,719	4,223,693,653	1.0400	0.4977	1.5377
2016	5,452,362,010	687,101,485	4,765,260,525	1.0400	0.4977	1.5377
2017	6,405,607,894	887,581,185	5,518,026,709	1.0400	0.4977	1.5377
2018	6,825,171,269	674,899,797	6,150,271,472	1.0400	0.4977	1.5377
2019	7,696,607,759	1,578,609,724	6,117,998,035	1.0400	0.4977	1.5377
2020	8,815,735,614	955,373,763	7,860,361,851	0.9700	0.4977	1.4677

Notes:

Assessed Valuation for 2020 represents 6% personal property and 94% real/other property, before exemptions.

The major components of real property for 2020 are \$2,944,912,196 of land and \$7,018,454,631 of improvements before any exemptions.

Source of Information: Hays Central Appraisal District, Caldwell Central Appraisal District, and Travis Central Appraisal District.

Hays Consolidated Independent School District
Property Tax Rates * - Direct and Major Overlapping Governments
Last Ten Fiscal Years

Schedule 7

Fiscal Year	Hays Cons. Independent School District M/O	Hays Cons. Independent School District I & S	Hays Cons. Independent School District Total	City of Buda	City of Kyle	City of Hays	City of Mountain City	City of Niederwald
2011	1.0400	0.4213	1.46130	0.26660	0.48450	0.11640	0.11000	0.29540
2012	1.0400	0.4213	1.46130	0.27130	0.52440	0.11640	0.11000	0.28750
2013	1.0400	0.4213	1.46130	0.29790	0.54830	0.11640	0.11900	0.28800
2014	1.0400	0.4977	1.53770	0.29780	0.53830	0.11640	0.12300	0.28800
2015	1.0400	0.4977	1.53770	0.29780	0.53830	0.11640	0.12300	0.28800
2016	1.0400	0.4977	1.53770	0.37040	0.57480	0.14000	0.12300	0.27880
2017	1.0400	0.4977	1.53770	0.36730	0.54160	0.14000	0.12300	0.26210
2018	1.0400	0.4977	1.53770	0.37100	0.54160	0.14000	0.12300	0.21660
2019	1.0400	0.4977	1.53770	0.34960	0.54160	0.13600	0.12300	0.16320
2020	0.9700	0.4977	1.46770	0.34230	0.52010	0.10960	0.11900	0.12260

* - Per \$100 of assessed valuation.

A maintenance and operations tax rate may be set above \$1.04 through tax ratification election.

N/A = not available

Source of Information: Hays County Tax Office, Caldwell County Tax Office and Travis County Tax Office

**Hays Consolidated Independent School District
Property Tax Rates * - Direct and Major Overlapping Governments
Last Ten Fiscal Years**

Schedule 7 (continued)

City of San Marcos	City of Uhland	Caldwell County	Hays County	Travis County	Austin Community College	Greenhawe WICD #2	North Hays County MUD #1	South Buda WICD #1	Sunfield MUD #1
0.53020	0.17000	0.69090	0.42510	0.48550	0.09480	0.85000	0.90000	0.90000	0.90000
0.53020	0.17000	0.69070	0.42520	0.50010	0.09510	0.85000	0.90000	0.90000	0.90000
0.53020	0.20950	0.69060	0.42520	0.49460	0.09490	0.85000	0.90000	0.90000	0.90000
0.53020	0.20600	0.69050	0.42520	0.45630	0.09420	0.85000	0.90000	0.90000	0.90000
0.53020	0.20600	0.69050	0.42520	0.45630	0.09420	0.85000	0.90000	0.90000	0.90000
0.53020	0.19490	0.77520	0.41620	0.38380	0.10200	0.60000	0.90000	0.90000	0.90000
0.61390	0.18000	0.77530	0.40120	0.36900	0.10080	0.45000	0.90000	0.90000	0.90000
0.61390	0.17510	0.77530	0.43370	0.35420	0.10480	0.35000	0.88000	0.90000	0.90000
0.61390	0.17510	0.74300	0.38990	0.35420	0.10490	0.31800	0.88000	0.90000	0.90000
0.59300	0.17510	0.70530	0.39240	0.37436	0.10580	0.25000	0.87000	0.90000	0.90000

(continued)

* - Per \$100 of assessed valuation.

A maintenance and operations tax rate may be set above \$1.04 through tax ratification election.

N/A = not available

Source of Information: Hays County Tax Office, Caldwell County Tax Office and Travis County Tax Office

**Hays Consolidated Independent School District
Principal Property Taxpayers
Current Year and Ten Years Ago**

Schedule 8

Principal Taxpayers	Type of Property	2020			2010		
		Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Texas Lehigh Cement Co.	Industrial	\$ 83,550,072	1	0.95%	\$ 65,761,100	1	1.93%
CFAN Co.	Industrial	88,120,521	2	1.00%	47,545,340	2	1.39%
Plum Creek Apartments LLC	Apartment Complex	50,170,000	3	0.57%	-		0.00%
IVT Kyle marketplace 1031	Commercial	38,617,982	4	0.44%	-		0.00%
WW Carrington Oaks LLC	Apartment Complex	36,900,000	5	0.42%	-		0.00%
SPI Oaks 254 LLC	Apartment Complex	34,390,000	6	0.39%	-		0.00%
Lauren Company LLC	Industrial	33,848,771	7	0.38%	-		0.00%
Continental 396 Fund LLC	Apartment Complex	32,378,380	8	0.37%	-		0.00%
MFT - Silverado II LLC	Commercial	32,246,394	9	0.37%	-		0.00%
4925 Cromwell LLC	Commercial	29,453,157	10	0.33%	-		0.00%
Goodrich Corp-Aerostructures	Industrial	-		0.00%	36,169,695	3	1.06%
Vista Del Blanco, Ltd.	Commercial	-		0.00%	22,450,580	4	0.66%
Cabela's Retail TX, L.P.	Commercial	-		0.00%	21,905,512	5	0.64%
DDR DB Kyle LP	Commercial	-		0.00%	19,881,150	6	0.58%
Pedernales Electric Coop Inc.	Utility	-		0.00%	19,439,110	7	0.57%
Kyle Marketplace LTD	Commercial	-		0.00%	16,261,720	8	0.48%
Sam's East Inc.	Commercial	-		0.00%	13,918,360	9	0.41%
Cabela's Retail TX, L.P.	Commercial	-		0.00%	12,209,724	10	0.36%
Total		<u>\$ 459,675,277</u>		<u>5.21%</u>	<u>\$ 275,542,291</u>		<u>8.08%</u>
Total Net Taxable Value		<u>\$ 8,815,735,614</u>		<u>100.00%</u>	<u>\$ 3,411,481,615</u>		<u>100.00%</u>

Source of Information: Hays Central Appraisal District

Hays Consolidated Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule 9

Fiscal Year	Tax Levy	Levy Year Tax Collections	Percent of Levy Collected in Levy Year	Tax Collections in Subsequent Years	Total Tax Collections to Date 2020	Total Collections to Date as Percent of Levy
2011	53,525,061	53,234,940	99.46%	244,169	53,479,109	99.91%
2012	55,410,919	54,716,313	98.75%	640,923	55,357,236	99.90%
2013	58,121,093	57,274,483	98.54%	786,813	58,061,296	99.90%
2014	61,318,121	60,434,565	98.56%	818,016	61,252,581	99.89%
2015	70,123,666	69,288,233	98.81%	746,438	70,034,671	99.87%
2016	79,501,082	78,333,091	98.53%	1,058,907	79,391,998	99.86%
2017	92,071,052	91,429,152	99.30%	511,966	91,941,118	99.86%
2018	103,765,765	103,011,683	99.27%	535,648	103,547,330	99.79%
2019	115,663,918	114,351,470	98.87%	836,372	115,187,842	99.59%
2020	125,669,952	125,070,192	99.52%	-	125,070,192	99.52%

Source of Information: Hays Consolidated Independent School District; Hays County Tax Office

Hays Consolidated Independent School District

Outstanding Debt by Type

Last Ten Fiscal Years

Schedule 10

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Estimated Population	Per Capita
	Bonds Payable	Loans Payable	Capital Leases				
2011	325,118,146	-	984,213	326,102,359	12.22%	67,497 **	4,831
2012	314,961,832	-	668,162	315,629,994	10.55%	72,770 *	4,337
2013	303,318,757	-	341,217	303,659,974	10.09%	73,173 *	4,150
2014	366,355,034	-	-	366,355,034	10.31%	83,703 *	4,377
2015	350,475,081	-	-	350,475,081	9.73%	86,084 *	4,071
2016	335,009,740	-	-	335,009,740	8.63%	89,844 *	3,729
2017	486,987,078	-	-	486,987,078	12.16%	91,816 *	5,304
2018	466,814,842	-	-	466,814,842	7.18%	106,193 *	4,396
2019	532,120,790	-	-	532,120,790	6.47%	113,439	4,691
2020	513,433,592	-	-	513,433,592	5.81%	113,553	4,522

Source of Information: Hays Consolidated Independent School District and
Municipal Advisory Council of Texas

* Estimated Population from Municipal Advisory Council of Texas

** 2010 Census Data

Hays Consolidated Independent School District
Ratio of Net General Bonded Debt to Taxable Assessed Valuation
and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Schedule 11

Fiscal Year	Taxable Assessed Value	Assessment Ratio	Gross Bonded Debt Outstanding at Year-end	Reserve for Retirement of Bonded Debt
2011	3,452,686,886	100%	325,118,146	3,870,366
2012	3,563,019,658	100%	314,961,832	3,913,075
2013	3,708,352,333	100%	303,318,757	1,652,119
2014	3,910,777,705	100%	366,355,034	1,340,834
2015	4,223,693,653	100%	350,475,081	1,633,963
2016	4,765,260,525	100%	335,009,740	1,444,389
2017	6,186,616,983	100%	486,987,078	1,142,137
2018	6,825,171,269	100%	466,814,842	2,006,431
2019	7,696,607,759	100%	532,120,790	23,349,912
2020	8,815,735,614	100%	513,433,592	32,276,540

Source of Information: Hays Central Appraisal District and District Debt Schedules

* Estimated Population from Municipal Advisory Council of Texas

** 2010 Census Data

**Hays Consolidated Independent School District
Ratio of Net General Bonded Debt to Taxable Assessed Valuation
and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Schedule 11 (continued)

Net Bonded Debt Outstanding at Year-end	Ratio Net Bonded Debt to Taxable Assessed Valuation	Estimated Population	Net Bonded Debt per Capita	Taxable Assessed Valuation per Capita
321,247,780	9.30%	67,497 **	4,759	51,153
311,048,757	8.73%	72,770 *	4,274	48,963
301,666,638	8.13%	73,173 *	4,123	50,679
365,014,200	9.33%	83,703 *	4,361	46,722
348,841,118	8.26%	86,084 *	4,052	49,065
333,565,351	7.00%	89,844 *	3,713	53,039
485,844,941	7.85%	91,816 *	5,292	67,381
464,808,411	6.81%	106,193 +	4,377	64,271
508,770,878	6.01%	113,439 ++	4,485	74,629
481,157,052	5.46%	113,553 ++	4,237	77,635

Source of Information: Hays Central Appraisal District and District Debt Schedules

* Estimated Population from Municipal Advisory Council of Texas

** 2010 Census Data

+ Templeton Demographics

++ Neustar ElementOne Demographics

**Hays Consolidated Independent School District
Estimated General Obligation Overlapping Debt Statement
Fiscal Year 2020**

Schedule 12

Taxing Body	Gross Dollar Amount	Percent Overlapping	Dollar Overlap
Austin Community College District	\$ 386,625,000	3.32%	\$ 12,835,950
Buda, City of	94,620,000	100.00%	94,620,000
Caldwell County	15,660,000	1.42%	222,372
Crosswinds MUD	6,580,000	100.00%	6,580,000
Greenhawe WCID #2	8,465,000	7.69%	650,959
Hays County	490,815,154	38.09%	186,951,492
Kyle, City of	98,195,000	100.00%	98,195,000
Mountain City, City of	410,000	100.00%	410,000
North Hays Co MUD #1	32,945,000	100.00%	32,945,000
San Marcos, City of	336,935,000	4.59%	15,465,317
South Buda WCID #1	25,444,998	100.00%	25,444,998
Sunfield MUD #1	35,100,000	99.94%	35,078,940
Sunfield MUD #3	33,100,000	100.00%	33,100,000
Travis County	1,081,470,000	0.01%	108,147
Travis County Healthcare District (Central Health)	7,285,000	0.01%	729
		Subtotal, overlapping debt	<u>\$ 542,608,903</u>
		Hays Consolidated Independent School District direct debt	<u>\$ 513,433,592</u>
		Total direct and overlapping debt	<u><u>\$ 1,056,042,495</u></u>

Overlapping governments are those that coincide at least in part, with geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Hays Consolidated Independent School District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into the account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Municipal Advisory Council of Texas

Hays Consolidated Independent School District Demographic and Economic Statistics

Schedule 13

Fiscal Year	Population	Personal Income	Per Capita Mean Wage	Unemployment Rate
2011	67,497 **	2,667,616,434	39,522	7.10%
2012	72,770 *	2,992,520,710	41,123	6.70%
2013	73,173 *	2,997,166,080	40,960	5.70%
2014	83,703 *	3,553,945,677	42,459	3.90%
2015	86,084 *	3,600,291,132	41,823	3.30%
2016	89,844 *	3,883,327,212	43,223	3.30%
2017	91,816 *	4,003,636,680	43,605	3.40%
2018	106,193 +	6,505,489,373	61,261	3.20%
2019	113,439 ++	8,225,802,207	72,513	2.90%
2020	113,553 ++	8,831,243,916	77,772	7.90%

Notes:

Personal income is the product of district population and mean wage.

Mean wage is for Rural Capital counties as defined by Texas Workforce Commission and includes Hays County.

Unemployment rate is for Hays County.

Source: Municipal Advisory Council of Texas and Texas Workforce Commission

* Estimated Population from Municipal Advisory Council of Texas

** 2010 Census Data

+ Templeton Demographics

++ Neustar ElementOne Demographics

**Hays Consolidated Independent School District
Major Employers
Current Year**

Schedule 14

Employer	2020	
	Estimated Range of Employees	Percentage of Total
Hays CISD	2,785	40%
ALSCO	200	3%
Cabela's	140	2%
Capital Excavation	330	5%
Centex Materials	130	2%
CFAN	700	10%
City of Kyle	215	3%
H E B Foods	408	6%
Kyle Correctional Center	150	2%
Legend Oaks Healthcare & Rehabilitation	116	1%
Marek Brothers	250	4%
Pro Build	250	4%
Seton Medical Center Hays	610	9%
Texas-Lehigh Cement Co.	175	2%
US Foods	280	4%
Wal-Mart Super Center	260	3%
		<u>100%</u>

Notes:

Employers represent zip codes 78610 and 78640.

Principal employer information from ten (10) years prior is not available.

Source: Greater San Marcos Partnership Economic Development, Buda Economic Development Corp., and Kyle Economic Development

**Hays Consolidated Independent School District
Full-Time-Equivalent District Employees By Type**

Schedule 15

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Educational Aides</u>	<u>Auxiliary Staff</u>	<u>Total FTEs</u>
2011	1,043.0	214.6	53.6	36.0	136.1	728.4	2,211.7
2012	1,005.9	177.1	65.2	34.5	133.5	721.5	2,137.7
2013	1,035.2	183.0	65.4	37.0	136.1	726.8	2,183.5
2014	1,070.3	208.0	53.3	22.8	140.8	734.9	2,230.1
2015	1,075.1	221.6	54.3	23.7	146.4	708.3	2,229.4
2016	1,119.2	241.0	55.7	24.3	159.3	716.3	2,315.8
2017	1,198.4	256.8	64.1	25.0	182.4	737.1	2,463.8
2018	1,228.7	260.5	66.0	24.9	197.7	724.2	2,502.0
2019	1,253.9	291.0	70.8	29.1	208.3	746.5	2,599.6
2020	1,329.7	315.9	75.0	26.3	258.8	779.0	2,784.7

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency

Hays Consolidated Independent School District Teacher Data

Schedule 16

	Fiscal Year				
	2011	2012	2013	2014	2015
Total Number of Teachers	1,043.0	1,005.9	1,035.2	1,070.3	1,075.1
Teachers by Highest Degree Held					
No Degree	3.0	3.0	3.0	3.0	5.8
Bachelors	783.4	734.7	742.6	763.8	770.2
Masters	247.6	260.2	282.6	295.4	292.0
Doctorate	9.0	8.0	7.0	8.0	7.0
Teachers by Years of Experience					
Beginning Teachers	74.7	28.4	62.3	82.5	69.5
1-5 Years Experience	423.0	363.1	310.8	298.4	303.8
6-10 Years Experiences	217.8	261.1	279.1	295.8	287.8
11-20 Years Experience	216.7	233.3	260.4	268.8	296.2
Over 20 Years Experience	110.8	120.1	122.7	124.7	117.7
Average Salary by Years Experience					
Beginning Teachers	39,876	39,194	39,194	41,763	39,366
1-5 Years Experience	40,706	41,796	41,848	42,693	43,962
6-10 Years Experiences	41,877	43,687	43,706	44,981	46,435
11-20 Years Experience	47,477	48,443	48,483	49,214	49,944
Over 20 Years Experience	54,876	56,153	56,283	56,630	55,617
Overall Average Years with District	5.3	6.0	6.3	6.0	5.9
Overall Average Years Experience	9.1	10.0	10.2	10.0	9.9
Overall Average Teacher Salary	43,803	45,469	45,612	46,515	47,249
Turnover Rate for Teachers	10.6%	12.5%	13.2%	16.1%	17.2%

(continued)

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency

Hays Consolidated Independent School District Teacher Data

Schedule 16 (continued)

	Fiscal Year				
	2016	2017	2018	2019	2020
Total Number of Teachers	1,119.2	1,198.4	1,228.7	1,253.9	1,329.7
Teachers by Highest Degree Held					
No Degree	5.0	5.0	7.0	6.0	8.6
Bachelors	802.7	857.4	874.7	903.3	947.0
Masters	303.5	325.9	339.0	334.5	363.4
Doctorate	8.0	10.1	8.0	10.2	10.8
Teachers by Years of Experience					
Beginning Teachers	59.0	49.9	80.1	67.6	79.0
1-5 Years Experience	318.7	364.6	360.3	376.0	388.2
6-10 Years Experiences	307.8	306.4	290.7	277.6	274.0
11-20 Years Experience	314.0	355.7	357.4	392.9	438.1
Over 20 Years Experience	119.7	121.9	140.2	139.9	150.3
Average Salary by Years Experience					
Beginning Teachers	43,404	44,914	46,165	42,426	47,031
1-5 Years Experience	45,813	46,865	48,040	48,316	50,807
6-10 Years Experiences	48,159	49,359	50,390	51,621	54,301
11-20 Years Experience	51,868	52,924	53,623	55,237	58,028
Over 20 Years Experience	57,715	58,869	59,555	61,411	64,462
Overall Average Years with District	5.7	5.7	5.7	5.6	5.5
Overall Average Years Experience	10.0	10.1	10.2	10.2	10.3
Overall Average Teacher Salary	49,302	50,440	51,412	52,362	55,226
Turnover Rate for Teachers	16.1%	15.0%	17.4%	11.6%	16.0%

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency

Hays Consolidated Independent School District Expenditures, Enrollment and Per Pupil Cost

Schedule 17

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Governmental Funds Expenditures	Cost per Pupil	Teaching Staff	Pupil-Teacher Ratio	Students Receiving Free/Reduced Lunch
2011	15,325	106,116,992	6,924	152,959,496	9,981	1,043	14.7	48.9%
2012	15,932	111,218,763	6,981	160,695,783	10,086	1,006	15.8	49.3%
2013	16,568	116,698,577	7,044	160,741,194	9,702	1,035	16.0	46.1%
2014	17,255	123,125,959	7,136	164,210,630	9,517	1,070	16.1	50.7%
2015	17,948	129,076,875	7,192	192,233,641	10,711	1,075	16.7	49.7%
2016	18,654	143,493,087	7,692	220,065,608	11,797	1,119	16.7	49.2%
2017	19,215	156,056,254	8,122	224,846,595	11,702	1,198	16.0	47.6%
2018	19,866	163,368,180	8,224	342,623,677	17,247	1,229	16.1	47.5%
2019	19,929	150,315,673	7,543	263,398,064	13,217	1,254	15.9	51.4%
2020	20,793	181,787,776	8,743	257,380,098	12,378	1,336	15.6	49.0%

Operating expenditures include only the General Fund

Source: Hays Consolidated Independent School District and Texas Education Agency (TAPR) Report

Hays Consolidated Independent School District
Total Expenses of Governmental Activities,
Enrollment and Per Pupil Cost
Last Ten Years

Schedule 18

Fiscal Year	Enrollment	Government-Wide Expenses	Cost Per Pupil
2011	15,325	153,210,174	9,997
2012	15,932	152,474,701	9,570
2013	16,568	155,571,650	9,390
2014	17,255	160,592,176	9,307
2015	17,948	172,060,511	9,587
2016	18,654	192,249,048	10,306
2017	19,215	202,471,807	10,537
2018	19,866	221,636,798	11,157
2019	19,929	213,801,167	10,728
2020	20,793	257,197,428	12,369

Source: Hays Consolidated Independent School District and Texas Education Agency

Hays Consolidated Independent School District
School Building Information
Current Year

Schedule 19

	<u>Year Built</u>	<u>Grades Served</u>	<u>Building Capacity</u>	<u>Enrollment</u>	<u>Percent of Capacity Used</u>
High Schools					
Hays High School	1967	9-12	2,250	2,524	112.2%
Johnson High School	2019	9-10	2,250	1,082	48.1%
Lehman High School	2004	9-12	2,250	2,199	97.7%
Live Oak Academy	1973	9-12	175	208	118.9%
Middle Schools					
Barton Middle School	1993	6-8	900	759	84.3%
Chapa Middle School	2006	6-8	765	740	96.7%
Dahlstrom Middle School	1985	6-8	855	837	97.9%
McCormick Middle School	2016	6-8	900	1000	111.1%
Simon Middle School	2009	6-8	765	751	98.2%
Wallace Middle School	1987	6-8	765	809	105.8%
Elementary Schools					
Blanco Vista Elementary School	2008	K-5	800	675	84.4%
Buda Elementary School	2019	EE-5	702	692	98.6%
Camino Real Elementary School	2008	K-5	800	820	102.5%
Carpenter Hill Elementary School	2010	K-5	800	698	87.3%
Elm Grove Elementary School	2000	K-5	720	868	120.6%
Fuentes Elementary School	2000	EE-5	720	638	88.6%
Green Elementary School	1985	PK-5	714	720	100.8%
Hemphill Elementary School	2000	EE-5	720	406	56.4%
Kyle Elementary School	1950	EE-5	770	617	80.1%
Negley Elementary School	2006	EE-5	780	890	114.1%
Pfluger Elementary School	2010	K-5	800	820	102.5%
Science Hall Elementary School	2006	K-5	720	565	78.5%
Tobias Elementary School	2003	K-5	720	676	93.9%
Uhland Elementary School	2018	K-5	800	743	92.9%
Other Program					
Impact Center (DAEP)	1998	6-12	50	56	112.0%

Notes:

Enrollment as accepted by ESC January 16, 2020.

Building capacity does not include portable buildings.

Source of Information: Hays Consolidated Independent School District

Federal Awards Section



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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*

The Board of Trustees of
Hays Consolidated Independent School District:

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, the business-type activities, each major fund, and the aggregate remaining fund information of Hays Consolidated Independent School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

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

Compliance and Other Matters

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

Purpose of this Report

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

Maxwell Locke & Ritter LLP

Austin, Texas
January 25, 2021



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Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by The Uniform Guidance

The Board of Trustees of
Hays Consolidated Independent School District:

Report on Compliance for Each Major Federal Program

We have audited Hays Consolidated 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 June 30, 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

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This firm is not a CPA firm

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 its major federal programs for the year ended June 30, 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 a 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.

Maxwell Locke & Ritter LLP

Austin, Texas
January 25, 2021

Hays Consolidated Independent School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed Through Texas Education Agency:</u>			
Education for Homeless Children and Youth	84.196A	204600057110038	\$ 36,397
Title I Grants to Local Educational Agencies	84.010A	19610101105906/ 20610101105906	1,977,399
<u>Special Education Cluster:</u>			
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	186600011059066000/ 196600011059066000/ 206600011059066000	3,215,230
Special Education Preschool Grants (IDEA - Part B, Preschool)	84.173A	196610011059066000/ 206610011059066000	27,193
Total for Special Education Cluster			3,242,423
Career and Technical Education - Basic Grants to States	84.048A	19420006105906/ 20420006105906	146,450
English Language Acquisition State Grants	84.365A	19671001105906/ 20671001105906	312,208
COVID-19 Education Stabilization Fund	84.425D	20521001105906	1,695,461
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	20694501105906	388,569
Grants for State Assessments and Related Activities	84.369A	69551902	17,364
Student Support and Academic Enrichment Program	84.424A	19680101105906/ 20680101105906	168,417
Total Passed Through Texas Education Agency			7,984,688
Total Department of Education			7,984,688
<u>U.S. Department of Agriculture</u>			
<u>Child Nutrition Cluster:</u>			
<u>Passed Through Texas Education Agency:</u>			
School Breakfast Program	10.553	71401901/71202001	1,582,414
National School Lunch Program	10.555	71301901/71302001	4,420,239
Total Passed Through Texas Education Agency			6,002,653
<u>Passed Through the Texas Department of Human Services-</u>			
Non-cash assistance - Food Distribution Program	10.555	71302001	700,303
Total CFDA Number 10.555			5,120,542
Total Child Nutrition Cluster			6,702,956
Total Department of Agriculture			6,702,956
<u>U.S. Department of Defense</u>			
<u>Direct Funding-</u>			
NJROTC & MJROTC	12.xxx	N3357617MJRTC	17,520
Total Department of Defense			17,520
<u>U.S. Department of Health and Human Services</u>			
<u>Passed Through Texas Health and Human Services Commission-</u>			
Medical Assistance Program	93.778	529-07-0157-00055	40,666
Total Department of Health and Human Services			40,666
Total Expenditures of Federal Awards			\$ 14,745,830

The accompanying notes are an integral part of this schedule.

Hays Consolidated Independent School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hays Consolidated Independent School District (the "District") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

Basis of Accounting

The expenditures reported on the Schedule are reported using the modified accrual basis of accounting, with the exception of the National School Lunch Program, the School Breakfast Program, and the Food Distribution Program. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, the School Breakfast Program, and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the Schedule in an amount equal to revenue for balancing purposes only. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

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

Relationship to Basic Financial Statements

Expenditures of federal awards are reported in the District's basic financial statements in the General Fund and special revenue funds.

Relationship to Federal Financial Reports

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-cash Programs

The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

Donated Personal Protective Equipment (Unaudited)

The District received donated personal protective equipment with a fair market value of \$192,337 for the year ended June 30, 2020.

Hays Consolidated Independent School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over each major federal program:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for each major federal program:

Child Nutrition Cluster

Unmodified

COVID-19 Education Stabilization Fund

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ yes ☒ no

Identification of each major federal program:

CFDA Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Non-cash Assistance - Food Distribution Program
84.425D	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

Hays Consolidated Independent School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

Section II - Financial Statement Findings

There were no findings required to be reported in accordance with *Government Auditing Standards* for the years ended June 30, 2020 and 2019.

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a) for the years ended June 30, 2020 and 2019.