

**O'DONNELL  
INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2020**

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2020

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O'DONNELL INDEPENDENT SCHOOL DISTRICT  
YEAR ENDED AUGUST 31, 2020  
CERTIFICATE OF BOARD

O'Donnell Independent School District  
Name of School District

Lynn  
County

153-903  
County-District Number

We, the undersigned, certify that the attached auditors' report of the O'Donnell Independent School District was reviewed and approved ✓ disapproved \_\_\_\_\_ for the year ended August 31, 2020, at a meeting of the Board of School Trustees of O'Donnell Independent School District on the 15<sup>th</sup> day of December, 2020.

*Randy Cook*

\_\_\_\_\_  
Signature of Board Secretary

*Mandy Stidham*

\_\_\_\_\_  
Signature of Board President

If the auditors' report was checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

NEWBERRY LEONARD HORTON & BAIRRINGTON  
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Members of  
Texas Society of  
Certified Public Accountants

American Institute of  
Certified Public Accountants



December 7, 2020

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of School Trustees  
O'Donnell Independent School District  
Post Office Box 487  
O'Donnell, TX 79351

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the O'Donnell Independent School District, O'Donnell, Texas, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider 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 opinion.

## **Opinion**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12, budgetary comparison information for the General Fund on page 58, and the Teacher Retirement System schedules for pension and other postemployment benefits schedules on pages 59-62 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 O'Donnell Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the Texas Education Agency required schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and Texas Education Agency required schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 nonmajor fund financial statements and Texas Education Agency required schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 and J-2. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of O'Donnell Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing but not to provide an opinion on the 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 O'Donnell Independent School District's internal control over financial reporting and compliance.

  
Newberry Leonard Horton & Bairrington

**O'Donnell Independent School District**  
*Flying Forever Strong . . . Challenging Minds and Building Futures*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of O'Donnell Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2020. Please read it in conjunction with the independent auditors' report, the District's basic financial statements which begin with Exhibit A-1 and the notes to the financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide a detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities on Exhibits A-1 and B-1. These provide information about the activities of the District as a whole and present a long-term view of the District's property, debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (Exhibits C, D and E) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements reflect the activity of the cost of the employees' dental care plan, which was closed during the year. The remaining fiduciary statements provide financial information about activities for which the District acts solely as a trustee for holding funds.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Required supplementary information (Exhibits G-1, G-2, G-3, G-4 and G-5) provide the budget analysis for the General Fund and schedules providing detailed information on the District's net pension liability and other postemployment benefits with the Teacher Retirement System of Texas.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by Texas Education Agency (TEA). The sections labeled *Required TEA Schedules* contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.



## **Reporting the District as a Whole**

### ***Government-Wide Financial Statements (Statement of Net Position and Statement of Activities)***

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position, Exhibit A-1 and the Statement of Activities, Exhibit B-1. Their primary purpose is to show whether the District is in better or worse condition as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as athletic and cocurricular activities, grants provided by the U.S. Department of Education to assist children from disadvantaged backgrounds (program revenues) and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health or financial position. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance, academic performances, property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we report governmental activities: Most of the District's basic services are reported here, including the instruction, leadership, counseling, cocurricular activities, food services, transportation, maintenance and general administration. Property taxes and State revenues finance most of these activities.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements (Exhibits C) provide detailed information about the most significant funds, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I Part A - Improving Basic Program from the U.S. Department of Education. The District's administration establishes other funds to help it control and manage money for particular purposes. The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

*Governmental funds*—Most of the District's basic services are reported in governmental funds. They use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

*Proprietary funds* – The District has no proprietary funds.

## Reporting the District's Fiduciary Responsibilities

*Fiduciary funds* - The District is the trustee or fiduciary for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position and Changes in Fiduciary Fund Net Position (Exhibit E-1 and E-2). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities. Net position of the District's governmental activities decreased by \$254,025, from \$9,371,412 to \$9,117,387 during the year.

The changes in governmental net position was the result of the following factors:

- The District's expenditures exceeded the revenues by \$165,860 (decrease).
- The District acquired capital assets and paid long-term principal payments in the amount of \$807,545 (increase).
- The District recorded depreciation in the amount of \$752,331 (decrease).
- The District required adjustments of \$106,845 (increase) to convert to full accrual accounting.
- There was a \$169,303 (decrease) net adjustment for the current year changes due to GASB Statement Number 68 reflecting the District's pension obligation.
- There was a \$80,921 (decrease) net adjustment for the current year changes due to GASB Statement Number 75 reflecting the District's post-employment benefit.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased by \$424,575 to \$1,329,513.

The District's total revenues decreased \$255,028 from the prior year. This change was a result of several factors:

- State equalization funding decreased by \$188,692.
- Maintenance and operations and debt service taxes, penalties and interest increased by \$54,643.
- Investment earnings increased by \$12,743.
- Charges for services decreased by \$131,525.
- State and federal grants decreased by \$27,077.
- Various other revenue increased by \$24,880

**Table I**  
**O'DONNELL INDEPENDENT SCHOOL DISTRICT**  
**NET POSITION**

	Governmental Activities 2020	Governmental Activities 2019
<b>Assets:</b>		
Cash and cash equivalents	\$ 4,949,449	\$ 4,784,608
Other current assets	125,242	490,959
Capital assets	19,698,358	20,318,144
	<u>24,773,049</u>	<u>25,593,711</u>
<b>Deferred Outflows of Resources:</b>		
Deferred outflows related to TRS Pension	627,529	591,142
Deferred outflows related to TRS OPEB	691,852	158,023
	<u>1,319,381</u>	<u>749,165</u>
<b>Liabilities:</b>		
Current liabilities	155,964	256,826
Noncurrent liabilities	15,453,633	15,772,464
	<u>15,609,597</u>	<u>16,029,290</u>
<b>Deferred Inflows of Resources:</b>		
Deferred inflows related to bond refunding	302,696	319,513
Deferred inflows related to TRS Pension	239,867	115,672
Deferred inflows related to TRS OPEB	822,883	506,989
	<u>1,365,446</u>	<u>942,174</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	7,346,036	7,265,789
Restricted	442,842	351,535
Unrestricted	1,328,509	1,754,088
	<u>\$ 9,117,387</u>	<u>\$ 9,371,412</u>

**Table II**  
**O'DONNELL INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**

	Governmental Activities 2020	Governmental Activities 2019
Revenues:		
Program Revenues:		
Charges for services	\$ 105,374	\$ 236,899
Operating grants and contributions	906,360	803,400
General Revenues:		
Maintenance and operations taxes	1,219,635	1,241,833
Debt service taxes	1,171,919	1,095,078
State aid - formula grants	2,513,844	2,702,536
Grants and contributions not restricted to specific functions	62,324	192,361
Investment earnings	97,932	85,189
Wind Project Agreement	50,000	49,981
Insurance recovery	-	7,754
Miscellaneous	94,487	62,322
Total Revenues	<u>\$ 6,221,875</u>	<u>\$ 6,477,353</u>
Expenses:		
Instruction, curriculum and media services	3,140,157	2,868,970
School leadership	394,711	349,551
Student support services	286,658	280,174
Child nutrition	267,861	260,654
Extracurricular activities	421,122	428,616
General administration	326,097	568,121
Plant maintenance, security and data processing	1,108,252	977,858
Community services	-	321
Interest	412,929	432,832
Bond issue cost and fees	1,001	1,000
Payments to fiscal agent/member districts of SSA	117,562	103,270
Total Expenses	<u>\$ 6,476,350</u>	<u>\$ 6,271,367</u>
Increase (Decrease) in net position before special items	(254,475)	205,986
Special items-disposal of assets	450	(8,000)
Change in net position	(254,025)	197,986
Net position at beginning of year	9,371,412	9,173,426
Net position at end of year	<u>\$ 9,117,387</u>	<u>\$ 9,371,412</u>

The cost of all governmental activities this year was \$6,476,350 compared to \$6,271,367 for the previous year. Some of the costs were paid by those who directly benefited from the programs (\$105,374) or by other governments and organizations that subsidized certain programs with grants and contributions (\$906,360). Additional expenditures were funded through various miscellaneous revenues, non-restricted grants and investment earnings (\$305,193). The remaining balance of \$6,171,157 was ultimately financed with District taxes (\$2,391,554) and State funding (\$2,513,844) and fund balance (\$254,025).

The District's appraised property value for maintenance and operations tax purposes increased by \$20,509,040 from the previous year. \$170,722,640 of the wind turbine projects amount are not taxed for maintenance and operations under Chapter 313 agreements. This agreement resulted in a reduction in property taxes of \$1,733,006. This reduction is partially offset by direct payments in-lieu of taxes to the District from the subsidized taxpayers of \$50,000 during the year. The overall tax rate decreased to a rate of \$1.0151 for operations and \$.40 for debt service.

## **THE DISTRICT'S FUNDS**

### ***Fund Balances***

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$4,813,732, which is \$165,860 less than last year's total of \$4,979,592. The primary reason for the decrease in fund balance was expenditures exceeded revenues. Total overall revenue received during the year decreased \$455,470 from the prior year.

The original budget for 2019-2020 was developed in the spring of 2019 and adopted by the Board in August 2019. Over the course of the year, the Board of Trustees revised the District's budget. There were increases and decreases to various functions in the budget to cover reclassification of expenditures. The general fund budget was increased \$20,600 in revenues, and \$108,565 in expenditures. The total expenditures were within the final budget and were not over expended in any function

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

At the end of August 31, 2020, the District had \$19,698,358 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration and maintenance. The capital assets added during the year included iPad purchases, Ag pickup, band hall flooring, security upgrades and a sprinkler system for the baseball field. Depreciation for the year was recorded at \$752,331.

### ***Debt***

At the end of the fiscal year, the District had long-term debt outstanding of \$15,453,633. Of this amount, \$11,589,000 is unlimited tax school building bonds guaranteed by the corpus of the State of Texas Permanent School Fund. This amount also includes the unamortized bond premium of \$745,338, the District's portion of net pension liability of \$1,217,180, and the District's net OPEB liability of \$1,902,115.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2021 budget and tax rate.

- a. During 2019-2020, the implementation of HB3 left the district planning for budgeting and revenues difficult because the legislative changes were not clearly set before the process was completed. Significant changes were made in HB3 that impacted the 2019-2020 budget and continue into the 2020-2021 budget. Compression rates as outlined by HB3 are set by the TEA so there is no flexibility with the M&O rates. The M&O tax rate for 2019-2020 was \$1.01500 and the 2020-2021 tax rate compressed again to \$1.0014. This figure was used in completing the template. Appraisals saw a slight decrease between last year and this year in valuation. Appraisals for the 2019-2020 year were \$310,205,840 and are \$273,783,408 for the 2020-2021 year. Even though the appraisals lowered, the M&O tax rate continues to be compressed which will have a reduction in revenue for the 2020-2021 school year. The district at present receives funding for economically disadvantaged students at Tier 3 level in the 2019-2020 school year and this is planned to continue in the 2020-2021 school year. It is anticipated, using the figures generated in the template, that the district will see an increase in state aid of \$57,919 but will have a much lower revenue from property taxes, \$182,150 less than in the 2019-2020 school year. The windfarms continue to depreciate as outlined in the long – term financial plan in the 313 Agreement. The district set the I&S tax rate at \$0.38 which is anticipated to be \$50,000 short for paying debt; however, it was planned with the I&S Fund Balance to be used to make the difference in the shortfall. The overall tax rate in 2019-2020 was 2 cents lower than the previous year at \$1.4151 and it is set at 1.38140 in the 2020-2021 school year which is 3 cents lower. Even though the Board continues to lower the tax rate, the homeowners will pay on average \$110.37 per \$100 valuation more than during the 2019-2020 school year because of increase in taxable value of residences.
- b. The District's refined average enrollment for 2018-2019 was 284, which is 20 students lower than the previous year. The enrollment was 275 in the 2019-2020 school year, 9 students lower. If the decline in enrollment continues it will negatively impact the funding which will impact the revenue/expenditure ratios in the future.
- c. Budgeted general operating fund comparisons between 2019-2020 and 2020-2021 saw an increase in maintenance and operations of 1.6755% and a decrease in Debt Service of 9.02% so the total planning budget is 7.34% less than the 2020 fiscal year. Due to the COVID – 19 adjustments and requirements to target remote learning, the budget was not cut drastically and the required additional increases in salaries continues to increase the maintenance and operations budget. The adopted budget expenditures for the 2019-2020 school year were \$5,083,512 which was a planned \$473,356 deficit. The District actual finished the year with a deficit budget of \$217,260, which is \$256,096 better than anticipated when adopting the budget in August 2019. For the 2020-2021 school year, the adopted budgeted expenditures are \$5,137,565, which results in a \$765,051 deficit budget. Although the budgeted expenditures are only \$54,053 more than the previous year, the deficit will be larger due to a decrease in funding. Going forward considering that compression rates will continue and state/federal funding will not bridge the gap while also seeing a decline in enrollment, the district will be required to cut personnel and services to augment the decline in funding.
- d. The District is expected to remain Chapter 42 from this point until the Chapter 313 agreement expires in 2021; however, the District approved an application from Trex US Green Holly LLC for solar farms which may impact the 42 status 2021-2022 school year. This agreement will significantly impact the I&S tax rate that year because the solar farms will be fully taxable for I&S.

- e. The District successfully passed a \$16,000,000 bond in May 2014. The Bond paid for the construction of a new high school gymnasium, classrooms and an elementary kitchen. The School Board refinanced the 2014A Bonds in January 2017 which is projected to save the district \$2.4 million over the lifetime of the bonds. In August 2020, the District made a one-time \$50,000 payment using the Early Call feature of the contract and plans will continue to aggressively make additional payments when feasible.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, employees and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at O'Donnell Independent School District, Post Office Box 487, O'Donnell, Texas 79351.

## **BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements

Governmental Fund Financial Statements

Fiduciary Fund Financial Statements

Notes to the Financial Statements



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

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 4,949,449
1220 Property Taxes - Delinquent	151,524
1230 Allowance for Uncollectible Taxes	(28,545)
1290 Other Receivables, Net	2,263
Capital Assets:	
1510 Land	48,174
1520 Buildings, Net	18,550,601
1530 Furniture and Equipment, Net	1,099,583
1000 Total Assets	24,773,049
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	627,529
1706 Deferred Outflow Related to TRS OPEB	691,852
1700 Total Deferred Outflows of Resources	1,319,381
<b>LIABILITIES</b>	
2140 Interest Payable	17,984
2160 Accrued Wages Payable	131,013
2180 Due to Other Governments	3,369
2200 Accrued Expenses	3,598
Noncurrent Liabilities:	
2501 Due Within One Year	593,000
2502 Due in More Than One Year	11,741,338
2540 Net Pension Liability (District's Share)	1,217,180
2545 Net OPEB Liability (District's Share)	1,902,115
2000 Total Liabilities	15,609,597
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2603 Deferred Inflow Related to bond refunding	302,696
2605 Deferred Inflow Related to TRS Pension	239,867
2606 Deferred Inflow Related to TRS OPEB	822,883
2600 Total Deferred Inflows of Resources	1,365,446
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	7,346,036
3820 Restricted for Federal and State Programs	1,004
3850 Restricted for Debt Service	441,838
3900 Unrestricted	1,328,509
3000 Total Net Position	\$ 9,117,387

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 3,089,775	\$ 9,493	\$ 467,881	\$ (2,612,401)
12 Instructional Resources and Media Services	9,539	-	-	(9,539)
13 Curriculum and Instructional Staff Development	40,843	-	13,819	(27,024)
21 Instructional Leadership	86,784	-	15,385	(71,399)
23 School Leadership	307,927	-	30,751	(277,176)
31 Guidance, Counseling and Evaluation Services	94,756	-	9,701	(85,055)
33 Health Services	76,614	-	8,670	(67,944)
34 Student (Pupil) Transportation	115,288	8,113	6,625	(100,550)
35 Food Services	267,861	-	172,282	(95,579)
36 Extracurricular Activities	421,122	36,686	14,331	(370,105)
41 General Administration	282,576	-	12,114	(270,462)
51 Facilities Maintenance and Operations	749,353	51,082	62,018	(636,253)
52 Security and Monitoring Services	41,741	-	63,388	21,647
53 Data Processing Services	317,158	-	29,395	(287,763)
72 Debt Service - Interest on Long-Term Debt	412,929	-	-	(412,929)
73 Debt Service - Bond Issuance Cost and Fees	1,001	-	-	(1,001)
93 Payments Related to Shared Services Arrangements	117,562	-	-	(117,562)
99 Other Intergovernmental Charges	43,521	-	-	(43,521)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 6,476,350</b>	<b>\$ 105,374</b>	<b>\$ 906,360</b>	<b>(5,464,616)</b>

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		1,219,635
DT	Property Taxes, Levied for Debt Service		1,171,919
SF	State Aid - Formula Grants		2,513,844
GC	Grants and Contributions not Restricted		62,324
IE	Investment Earnings		97,932
MI	Miscellaneous Local and Intermediate Revenue		144,487
SI	Special Item - Disposal of assets		450
TR	Total General Revenues and Special Items		5,210,591
CN	Change in Net Position		(254,025)
NB	Net Position - Beginning		9,371,412
NE	Net Position - Ending		<b>\$ 9,117,387</b>

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

ODONNELL INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 4,540,507	\$ 407,938	\$ 1,004	\$ 4,949,449
1220 Property Taxes - Delinquent	111,446	40,078	-	151,524
1230 Allowance for Uncollectible Taxes	(22,367)	(6,178)	-	(28,545)
1240 Due from Other Governments	-	-	113,035	113,035
1260 Due from Other Funds	100,518	-	-	100,518
1290 Other Receivables	2,263	-	-	2,263
1000 Total Assets	<u>\$ 4,732,367</u>	<u>\$ 441,838</u>	<u>\$ 114,039</u>	<u>\$ 5,288,244</u>
<b>LIABILITIES</b>				
2160 Accrued Wages Payable	\$ 119,718	\$ -	\$ 11,295	\$ 131,013
2170 Due to Other Funds	-	-	100,518	100,518
2180 Due to Other Governments	116,404	-	-	116,404
2200 Accrued Expenditures	2,376	-	1,222	3,598
2000 Total Liabilities	<u>238,498</u>	<u>-</u>	<u>113,035</u>	<u>351,533</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	89,079	33,900	-	122,979
2600 Total Deferred Inflows of Resources	<u>89,079</u>	<u>33,900</u>	<u>-</u>	<u>122,979</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	1,004	1,004
3480 Retirement of Long-Term Debt	-	407,938	-	407,938
Assigned Fund Balance:				
3550 Construction	2,000,000	-	-	2,000,000
3600 Unassigned Fund Balance	2,404,790	-	-	2,404,790
3000 Total Fund Balances	<u>4,404,790</u>	<u>407,938</u>	<u>1,004</u>	<u>4,813,732</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,732,367</u>	<u>\$ 441,838</u>	<u>\$ 114,039</u>	<u>\$ 5,288,244</u>

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

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	4,813,732
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$26,761,902 and the accumulated depreciation was \$6,443,758. In addition, long-term liabilities, including bonds payable of \$12,264,000 and bond premiums of \$769,520 are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		7,284,624
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but are shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays of \$132,545 debt principal payments of \$675,000 is to increase net position.		807,545
3 Bond premiums and deferred gain on refunding are recorded as revenues when the funds are received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. Recording the beginning balance on deferred gain on refunding of \$319,513, current amortization of bond premium of \$24,182 and current year amortization of gain on bond refunding of \$16,817 results in a decrease in net position.		(278,514)
4 Accrued interest on bonds payable of \$17,984 decreases net position.		(17,984)
5 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(752,331)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68 in the amount of \$1,217,180, a deferred resource inflow related to TRS in the amount of \$239,867 and a deferred resource outflow related to TRS in the amount of \$626,891. The net effect is to decrease net position.		(830,156)
7 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75 in the amount of \$1,902,115, a deferred resource inflow related to OPEB in the amount of \$822,883, and a deferred resource outflow related to OPEB in the amount of \$692,490. The net effect decreased net position.		(2,032,508)
8 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications is to increase net position.		122,979
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>9,117,387</b>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,479,585	\$ 1,153,768	\$ 5,469	\$ 2,638,822
5800 State Program Revenues	2,750,956	6,046	44,438	2,801,440
5900 Federal Program Revenues	253,333	-	287,080	540,413
5020 Total Revenues	<u>4,483,874</u>	<u>1,159,814</u>	<u>336,987</u>	<u>5,980,675</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	2,208,811	-	249,068	2,457,879
0012 Instructional Resources and Media Services	2,579	-	-	2,579
0013 Curriculum and Instructional Staff Development	15,456	-	25,323	40,779
0021 Instructional Leadership	64,619	-	10,315	74,934
0023 School Leadership	268,088	-	3,109	271,197
0031 Guidance, Counseling, and Evaluation Services	84,075	-	1,310	85,385
0033 Health Services	70,898	-	-	70,898
0034 Student (Pupil) Transportation	75,625	-	-	75,625
0035 Food Services	212,674	-	-	212,674
0036 Extracurricular Activities	385,098	-	-	385,098
0041 General Administration	245,667	-	2,069	247,736
0051 Facilities Maintenance and Operations	607,524	-	-	607,524
0052 Security and Monitoring Services	1,950	-	63,388	65,338
0053 Data Processing Services	297,437	-	1,038	298,475
Debt Service:				
0071 Principal on Long-Term Debt	-	675,000	-	675,000
0072 Interest on Long-Term Debt	-	413,780	-	413,780
0073 Bond Issuance Cost and Fees	-	1,001	-	1,001
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	117,562	-	-	117,562
0099 Other Intergovernmental Charges	43,521	-	-	43,521
6030 Total Expenditures	<u>4,701,584</u>	<u>1,089,781</u>	<u>355,620</u>	<u>6,146,985</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(217,710)</u>	<u>70,033</u>	<u>(18,633)</u>	<u>(166,310)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	450	-	-	450
7915 Transfers In	36,436	-	-	36,436
8911 Transfers Out (Use)	(36,436)	-	-	(36,436)
7080 Total Other Financing Sources (Uses)	<u>450</u>	<u>-</u>	<u>-</u>	<u>450</u>
1200 Net Change in Fund Balances	(217,260)	70,033	(18,633)	(165,860)
0100 Fund Balance - September 1 (Beginning)	<u>4,622,050</u>	<u>337,905</u>	<u>19,637</u>	<u>4,979,592</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,404,790</u>	<u>\$ 407,938</u>	<u>\$ 1,004</u>	<u>\$ 4,813,732</u>

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

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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(165,860)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they are shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays of \$132,545 and debt principal payments of \$675,000 increased the change in net position.		807,545
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation decreased the change in net position.		(752,331)
Bond premiums and deferred gain on refunding are recorded as revenues when the funds are received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. Current amortization of bond premium of \$24,182 and current year amortization of gain on bond refunding of \$16,817 increased the change in net position.		40,999
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when paid. The current year change in the accrued interest is a decrease of \$851, increasing the change in net position.		851
Current year changes due to GASB 68 increased revenues in the amount of \$125,325 but also increased expenditures in the amount of \$294,628. The net effect decreased the change in net position.		(169,303)
Current year changes due to GASB 75 increased revenues in the amount of \$9,881 but also increased expenditures in the amount of \$90,802. The net effect decreased the change in net position.		(80,921)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions decreased the change in net position.		64,995
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(254,025)</b>

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

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

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 6,196	\$ 37,854
Total Assets	6,196	\$ 37,854
<b>LIABILITIES</b>		
Due to Student Groups	-	\$ 37,854
Total Liabilities	-	\$ 37,854
<b>NET POSITION</b>		
Restricted for Scholarships	6,196	
Total Net Position	\$ 6,196	

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

ODONNELL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

	Private Purpose Trust Funds
<b>ADDITIONS:</b>	
Donations received	\$ 8,278
Earnings from deposits	149
Total Additions	<u>8,427</u>
<b>DEDUCTIONS:</b>	
Scholarships paid	<u>7,520</u>
Total Deductions	<u>7,520</u>
Change in Fiduciary Net Position	907
 Total Net Position - September 1 (Beginning)	 <u>5,289</u>
 Total Net Position - August 31 (Ending)	 <u>\$ 6,196</u>

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



O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

O'Donnell Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 76, applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FAR) and the requirements of contracts and grants of agencies from which it receives funds.

**A. REPORTING ENTITY**

The Board of School Trustees (the Board), a seven-member group, is elected by the public and has the authority to make decisions, appoint administrators and managers and significantly influence operations. It also has the primary accountability for fiscal matters. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

**B. BASIS OF ACCOUNTING AND PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the O'Donnell Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond issue costs are expensed when incurred and bond premiums are deferred and amortized over the life of the bonds. Bond issue costs are expensed when incurred, in accordance with GASB Statements No. 63 and 65.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. BASIS OF ACCOUNTING AND PRESENTATION - CONTINUED**

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the District such as rent paid for teacherages, school lunch charges and athletic events. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function such as grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

**FUND FINANCIAL STATEMENTS**

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt which is recognized when due. The District considers all revenues available if they are collectible within 60 days after year end.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. BASIS OF ACCOUNTING AND PRESENTATION - CONTINUED**

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

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

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

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

**GOVERNMENTAL FUND TYPES**

The District reports the following major governmental funds:

**General Fund** – The General Fund is the District's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund, and undesignated fund balances are considered resources available for current operations.

**Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a Debt Service Fund.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. BASIS OF ACCOUNTING AND PRESENTATION - CONTINUED**

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

**Governmental Funds:**

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

**Fiduciary Funds:**

**Private Purpose Trust Funds** – The District accounts for donations for which the donor stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are the Glenn Hopkins Scholarship Fund, the Dwight Gleghorn Scholarship Fund, the Bill Clopton Scholarship Fund, the Angie Harrison Scholarship Fund and the Robyn Williams Scholarship Fund.

**Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency funds are the Student Activity Funds.

**C. OTHER ACCOUNTING POLICIES**

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

**Consumable Materials and Supplies** – The District reports disbursements for the purchase of consumable materials and supplies as expenditures. Inventories of such items, therefore, are not included in the balance sheet. Food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as expenditures when received, and revenue is recognized for an equal amount.

**Due From (To) Other Funds** – Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note IV, E for additional discussion of interfund receivables and payables.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. OTHER ACCOUNTING POLICIES – CONTINUED**

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building Improvements	20
Vehicles	5-8
Computer Equipment	5
Other Equipment	5-10

*Land is not depreciated.*

**Long-Term Debt** – In the Government-Wide Financial Statements, long-term debt obligations are reported as liabilities in the applicable governmental activity. Bond premiums, but not issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed in the year incurred.

In the Fund Financial Statements, governmental fund types recognized payment of debt as an expenditure during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Vacation and Sick Leave** - Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying General Purpose Financial Statements. Employees of the District are entitled to state and local sick leave. The state sick leave is allowed to be accumulated but does not vest. The local sick leave is not allowed to be accumulated. Therefore, a liability for unused sick leave has not been recorded in the accompanying General Purpose Financial Statements.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. OTHER ACCOUNTING POLICIES – CONTINUED**

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

**Other Post-Employment Benefits (OPEB)** - The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized 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.

**Deferred Outflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

The District has uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. On the government-wide statements this item is included in revenue; therefore, they are not reported in this category on the government-wide statement of net position.

**Restriction on Assets** – The assets of the scholarship funds are restricted for scholarships only. There are no restrictions on the assets of the General Fund.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. OTHER ACCOUNTING POLICIES – CONTINUED**

**Net Position and Fund Balance –**

**Government-Wide Financial Statements:**

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service – The component of net position that is restricted for use in repayment of long-term obligation debt of the District.

Unrestricted – The difference between the assets with deferred outflows of resources and liabilities with deferred inflows of resources that is not reported in Net Investment in Capital Assets Restricted for Debt Service and Restricted for Other Purposes.

**Governmental Fund Financial Statements:**

The District has used the following classifications for fund balance:

Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balance.

Restricted Fund Balance – that fund balance that can be spent only for specific purposes stipulated by constitution, external resource providers, laws and regulations of other governments or enabling legislation.

Committed Fund Balance – that portion of fund balance that can be used only for specific purposes pursuant to constraints imposed by formal Board action no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner. The District has no committed fund balance.

Assigned Fund Balance – that portion of fund balance that is constrained by the District's intent to be used for specific purposes but is neither restricted nor committed. Such intent is expressed by the Board or its designated official. Constraints imposed on the use of assigned amounts can be removed without formal Board action. The District has \$2,000,000 assigned for construction.

Unassigned Fund Balance – that portion of fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the General Fund. It represents that portion that is available for budgeting future operations.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. OTHER ACCOUNTING POLICIES – CONTINUED**

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

**Restriction on Assets** – The assets of the scholarship funds are restricted for scholarships only. The assets of the Debt Service Fund are restricted for use in repayment of long-term obligations. There are no restrictions on the assets of the General Fund.

**Encumbrance Accounting** – The District employs encumbrance accounting for goods or purchased services documented by purchase orders and contracts. An encumbrance represents an appropriation related to unperformed contracts for goods and services but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

**Management's Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

**Data Control Codes** - The Data Control Codes refer to the account code structure prescribed by Texas Education Agency in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.



O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the net position for governmental activities as reported in the Government-Wide Statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Land	\$ 48,174		\$ 48,174	
Buildings	24,253,991	(5,146,899)	19,107,092	
Furniture and Equipment	2,459,737	(1,296,859)	1,162,878	
Change in Net Assets				\$ 20,318,144
Long Term Liabilities Beginning of the Year			Payable Beginning of the Year	
Unlimited Tax School Building Bonds - Series 2014A			3,359,000	
Unlimited Tax School Building Bonds - Series 2015			1,675,000	
Unlimited Tax Refunding Bonds - Series 2017			7,230,000	
Bond Issuance Premiums			769,520	13,033,520
Change in Net Assets				\$ 7,284,624

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibits C-2 and C-4 provide reconciliation between the net changes in fund balance as shown on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the changes in net position of governmental activities as reported on the Government-Wide Statement of Activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the Government-Wide Statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CONTINUED**

	<u>Amount</u>	<u>Exhibit C-2 Adjustments to Net Position</u>	<u>Exhibit C-4 Adjustments to Changes in Net Position</u>
<u>Current Year Capital Outlay</u>			
Buildings	\$ 22,759		
Furniture and Equipment	109,786		
Total Capital Outlay	<u>\$ 132,545</u>	\$ 132,545	\$ 132,545
<u>Debt Principal Payments</u>			
Bond Principal Payments	\$ 675,000		
Total Principal Payments	<u>675,000</u>	<u>675,000</u>	<u>675,000</u>
Total Adjustments to Net Position		<u>\$ 807,545</u>	<u>\$ 807,545</u>

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Exhibit C-2 Adjustments to Net Position</u>	<u>Exhibit C-4 Adjustments to Changes in Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes collected from prior year levies	\$ 39,662	\$ -	\$ (39,662)
Uncollected taxes (assumed collectible) from current year levy	\$ 105,428	105,428	105,428
Uncollected taxes (assumed collectible) from prior year levy	\$ 17,551	17,551	
Change in estimate of deferred tax revenue at beginning of year	\$ 771		(771)
Total		<u>\$ 122,979</u>	<u>\$ 64,995</u>

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the General Fund). There are no legal requirements for funds to be budgeted in the Capital Projects Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the Debt Service Fund budget report appears in Exhibit J-2.

The following procedures are used in establishing the budgetary data reflected in the general purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the Board legally enacts the budget through passage of a resolution. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end. Budget amendments were necessary during the year. The amendments during the year increased the total General Fund budget \$108,565. The majority of this increase was for additional expenses related to COVID expenditures. The balance of the increases was throughout various functions for operating expenditures and increased overall as additional local funding was received. In the debt service fund, the budget was amended for an additional payment that was paid on the bonds. The budget was not over expended.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end. There were not any fund balances for either appropriated budget or nonappropriated budget special revenue funds at year end.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt and implement an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation preferences for certificates of deposit.

Statutes and local investment policies authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) fully collateralized repurchase agreements, (4) securities lending programs, (5) bankers' acceptances, (6) commercial paper, (7) no-load money market mutual funds, (8) no-load mutual funds, (9) guaranteed investment contracts and (10) public investment pools.

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. This policy is reviewed on an annual basis and addresses the following risks:

**Custodial Credit Risk for Deposits (Cash, Certificates of Deposit and Interest-bearing Savings Accounts)** - The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The District's depository is Lamesa National Bank. At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$4,993,499 and the bank balance was \$5,043,636.

The District's largest balance was \$5,723,266 which occurred in February, 2020 and the value of collateral pledged and FDIC insurance was \$12,060,443. The funds were fully secured during the fiscal year and were fully secured as of August 31, 2020.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS - CONTINUED**

**Interest Rate Risk** – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District invests in interest bearing checking accounts and money market accounts.

**Credit Risk** – To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District invests in interest bearing checking accounts and money market accounts.

**Concentration of Credit Risk** – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act. There were no investments in any one issuer (other than interest bearing checking accounts and money market accounts) that represent 5% or more of the total District investments.

A summary of the District’s cash and cash equivalents at August 31, 2020, are shown below:

	Bank Deposits
General	\$ 4,540,507
Debt Service	407,938
Special Revenue	1,004
Total Governmental	4,949,449
Fiduciary	44,050
Total	\$ 4,993,499

The District invested in interest bearing checking accounts and money market accounts all with an interest rate of 2.0% as of August 31, 2020. Only debt services are invested in a savings account earning 0.25% as of August 31, 2020.

**B. PROPERTY TAXES**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the levy date. The certified assessed taxable value of the property tax roll for maintenance and operations taxes in July 2019 upon which the levy for the 2019-2020 fiscal year was based, was \$118,620,825. This amount was revised, and the roll was subsequently assessed at a decreased value of \$95,364,680. The values for debt service taxes were \$289,343,465 and \$266,087,320 respectively. The debt service values included additional values of \$170,722,640 for wind farms that were operating within Chapter 313 agreements. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED**

**B. PROPERTY TAXES - CONTINUED**

The tax rate assessed for the year ended August 31, 2020, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt was \$1.0151 and \$.40 per \$100 valuation, respectively, for a total of \$1.4151 per \$100 valuation.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. The District is prohibited from writing off real property taxes until they have been delinquent for twenty years. As of August 31, 2020, property taxes receivable, net of estimated uncollectible taxes, totaled \$22,367 and \$6,178 for the General and Debt Service Funds, respectively.

**C. CHAPTER 313 TAX ABATEMENT AGREEMENT**

On November 14, 2011, the O'Donnell Independent School District and Wind Tex Energy – Stephens LLC agreed to limitations of \$10,000,000 on appraised value of property for school district maintenance and operations taxes for the purpose of a renewable energy electric generation project pursuant to Chapter 313 of the Texas Tax Code. The company rights in this agreement were later assigned to Stephens Ranch Wind Energy LLC, Stephens Ranch Wind Energy II LLC and Cirrus Wind 1 LLC.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project under the Chapter 313 agreement must be consistent with the State's goal to "encourage large scale capital investments in this state." Chapter 313 of the Texas Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreement and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

After approval, the applicant company must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are met.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**C. CHAPTER 313 TAX ABATEMENT AGREEMENT - CONTINUED**

In the event that the company terminates this agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this agreement or to meet any material obligation under this agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties and interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a) and §33.01(c), respectively, or their successor statutes. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

The district has entered into three 313 agreements in various stages of completion.

**Wind Tex Energy – Stephens LLC**

The agreement was for Wind Tex Energy LLC to invest capital of \$224,966,000 on a long-term basis for a valuation limitation of \$10,000,000. For fiscal year 2020, which is year 8 of the agreement, with the Maintenance and Operations tax rate of \$1.0151 per \$100, with property valued at \$180,722,640 without considering the limit and \$10,000,000 with the limit. When calculated, the district foregoes collecting \$1,733,006 in tax revenue – however, that is offset by payment in lieu of taxes totaling \$50,000.

**Trex US Red Holly, LLC**

This agreement in in the planning stage.

**Trex US Green Holly, LLC**

This agreement in in the planning stage.

**D. DUE FROM OTHER GOVERNMENTS**

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

	General Fund	Special Revenue Funds	Total
Due to State Entitlements	\$ (116,404)	\$ -	\$ (116,404)
Due from Federal Grants		113,035	113,035
Total Due (to) from other Governments	\$ (116,404)	\$ 113,035	\$ (3,369)

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**E. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at August 31, 2020, consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
Special Revenue Funds	\$ 100,518	\$ -
Total General Fund	<u>100,518</u>	<u>-</u>
Special Revenue Funds:		
General Fund	<u>-</u>	<u>100,518</u>
Total Special Revenue Funds	<u>-</u>	<u>100,518</u>
Total All Funds	<u>\$ 100,518</u>	<u>\$ 100,518</u>

The District has not cleared the interfund payables and receivables at year-end. The amounts represent short-term borrowings between funds for operating expenses.

The only transfer between funds during the year was to provide funds for the food service of \$36,436.

**F. CAPITAL ASSET ACTIVITY**

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

	Primary Government			
	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Land	\$ 48,174			\$ 48,174
Buildings and Improvements	24,253,991	22,759		24,276,750
Furniture and Equipment	2,459,737	109,786		2,569,523
Totals at Historic Cost	<u>\$ 26,761,902</u>	<u>\$ 132,545</u>	<u>\$ -</u>	<u>\$ 26,894,447</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,146,899)	(579,250)		(5,726,149)
Furniture and Equipment	(1,296,859)	(173,081)		(1,469,940)
Total Accumulated Depreciation	<u>(6,443,758)</u>	<u>(752,331)</u>	<u>-</u>	<u>(7,196,089)</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,318,144</u>	<u>\$ (619,786)</u>	<u>\$ -</u>	<u>\$ 19,698,358</u>



O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED**

**F. CAPITAL ASSET ACTIVITY -CONTINUED**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 421,121
Instructional Resources and Media Services	6,960
School Leadership	9,877
Health Services	748
Student (Pupil) Transportation	35,704
Food Services	36,134
Extracurricular Activities	75,763
Administration	19,136
Facilities Maintenance and Operations	146,888
Total Depreciation Expense	<u>\$ 752,331</u>

**G. DEFERRED INFLOWS OF RESOURCES – GOVERNMENTAL FUNDS**

Deferred inflows of resources in the fund statements at year-end consisted of the following:

	General Fund	Debt Service Fund	Total
Property taxes - delinquent	\$ 111,446	\$ 40,078	\$ 151,524
Less: allowance for uncollectible taxes	(22,367)	(6,178)	(28,545)
Total deferred inflows of resources	<u>\$ 89,079</u>	<u>\$ 33,900</u>	<u>\$ 122,979</u>

**H. LONG-TERM LIABILITIES**

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

An election was held within the District on May 10, 2014, at which the District's voters authorized the issuance of up to \$16,000,000 in unlimited tax bonds for the purpose of constructing and equipping of a new high school with a competition gymnasium and a career and technology facility; construction and equipment of a new elementary school kitchen; electrical upgrades and renovations to classrooms and the commons area at the existing high school; and, the purchase of new school buses, with any surplus funds to be used for the additional construction, acquisition, renovation, demolition, improvement and equipment of school buildings of the District and pay the costs associated with issuance of the bonds.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**H. LONG-TERM LIABILITIES-CONTINUED**

On August 15, 2014, the District issued \$8,485,000, Unlimited Tax School Building Bonds, Series 2014 which were sold on the open market. \$5,000,000 Unlimited Tax School Building Bonds, Series 2014A was sold to a financial institution via a private bank placement on August 25, 2014. The Series 2014 bonds were redeemed with proceeds from the 2017 refunding bond.

\$5,000,000 Unlimited Tax School Building Bonds, Series 2014A

These bonds require annual principal payments ranging from \$293,000 to \$408,000. Principal payments began on February 15, 2015, and the final payment is due February 15, 2028. The interest rate on the annual installments is 2.29%.

These bonds are term bonds maturing on February 15, 2028 callable in whole or in part on any date beginning February 15, 2016, at par value, plus accrued interest to the date of redemption.

\$1,900,000 Unlimited Tax School Building Bonds, Series 2015

These bonds require annual principal payments ranging from \$60,000 to \$115,000. Principal payments began on February 15, 2016, and the final payment is due February 15, 2040. Interest rates on the annual installments ranged from 2.00% to 4.00%.

These bonds, having stated maturities on and after February 15, 2026, are subject to redemption, at the option of the District, in whole or part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025 or any date thereafter, at the par value plus accrued interest to the date of redemption.

\$7,295,000 Unlimited Tax Refunding, Series 2017

On January 15, 2017, the District issued Unlimited Tax Refunding Bonds, Series 2017 in the amount of \$7,925,000 to refund a portion of the \$8,485,000 Unlimited Tax School Building Bond, Series 2014. This bond consists of \$7,115,000 in serial bonds and \$810,000 in term bonds. The interest rate on the annual installments is 4.0%. Principal payments began on August 15, 2017, and the final payment is due on February 15, 2039.

These bonds, maturing on or after February 15, 2029, are subject to optional redemption, in whole or par on February 15, 2026, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption.

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**H. LONG-TERM LIABILITIES-CONTINUED**

**Summary of Activity**

A summary of long-term debt transactions of the District for the year ended August 31, 2020, is as follows:

	Beginning Balance	Additions	Retired/ refunded	Ending Balance	Due Within One Year
Unlimited Tax School Building					
Bonds - Series 2014A	\$ 3,359,000	\$ -	\$ 390,000	\$ 2,969,000	\$ 348,000
Unlimited Tax School Building					
Bonds- Series 2015	1,675,000		60,000	1,615,000	60,000
Unlimited Tax Refunding					
Bonds - Series 2017	7,230,000		225,000	7,005,000	185,000
Unamortized Bond Premiums	769,520		24,182	745,338	
Total Bonded Debt	<u>\$ 13,033,520</u>	<u>\$ -</u>	<u>\$ 699,182</u>	<u>\$ 12,334,338</u>	<u>\$ 593,000</u>

**Debt Service Requirements**

As of August 31, 2020, debt service requirements for the principal and interest for the debt obligation are as follows:

Year Ending August 31	Bond Obligations		Total Requirements
	Principal	Interest	
2021	593,000	396,355	989,355
2022	571,000	380,145	951,145
2023	534,000	365,101	899,101
2024	508,000	351,500	859,500
2025	486,000	339,041	825,041
2026-2030	2,577,000	1,490,569	4,067,569
2031-2035	3,170,000	956,800	4,126,800
2036-2040	3,150,000	269,600	3,419,600
	<u>\$ 11,589,000</u>	<u>\$ 4,549,111</u>	<u>\$ 16,138,111</u>

There was \$413,780 of interest paid during the current year.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**I. DEFINED BENEFIT PENSION PLAN**

**Plan Description** – O'Donnell Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position** - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2019.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf); 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 benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May, 2019, the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (SB 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the Legislature approved funding for a 13<sup>th</sup> check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. SB 12 in the 86<sup>th</sup> Legislature set higher contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%. This "surcharge" was previously only charged to employers not participating in social security. Contribution rates can be found in the TRS 2019 CAFR, Note 11, page 76.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**I. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Contributions – continued**

	Contributions Rates	
	2019	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employer	6.8%	7.5%

District's 2020 Fiscal Year Employer Contributions	\$ 81,315
District's 2020 Fiscal Year Member Contributions	223,181
Measurement Year NECE On-Behalf Contributions	306,933

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education 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 (including public schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources or a privately sponsored source.

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- Employers must contribute 1.5% of the member's salary ("Public Education Employer Surcharge").

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**I. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Actuarial Assumptions**

**Roll Forward** – A change was made in the measurement date of total pension liability for the 2019 measurement year. The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019.

The total pension liability is determined by annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2018 and were adopted in July 2018.

The active mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

The following table discloses the assumptions that were applied to this measurement period.

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 Rate	7.25%
Municipal Bond Rate as of August 2019	2.63% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc Post Employment-Benefit Changes	None

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**I. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Discount Rate** - The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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 statutorily required rates set by the Legislature during the 2019 legislative session. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

<u>Asset Class</u>	<u>FY 2019 Target Allocation*</u>	<u>New Target Allocation**</u>	<u>Long-Term Expected Geometric Real Rate of Return***</u>
<b>Global Equity</b>			
USA	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
<b>Stable Value</b>			
U.S. Treasuries****	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return (Including credit sensitive instruments)	0.00%	0.00%	0.00%
<b>Real Return</b>			
Global Inflation Linked Bonds*****	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
<b>Risk Parity</b>			
Risk Parity	5.00%	8.00%	5.80%/6.5%*****
Asset Allocation Leverage Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
<b>Expected Return</b>			<u>7.23%</u>

\* FY 2019 Target Allocation based on the Strategic Asset Allocation dated 10/01/2018

\*\* New target allocations are based on the Strategic Asset Allocation date 10/01/2019 to be implemented FY 2020

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

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**I. DEFINED BENEFIT PENSION PLAN - CONTINUED**

**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. The discount rate can be found in the 2019 TRS CAFR, Note 11, page 77.

	1% Decrease in Discount Rate (6.25%)	Current Single Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 1,870,983	\$ 1,217,180	\$ 687,474

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At August 31, 2020, O'Donnell Independent School District reported a liability of \$1,217,180 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to O'Donnell Independent School 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 O'Donnell Independent School District were as follows:

District's proportionate share of the collective net pension liability	\$ 1,217,180
State's proportionate share that is associated with the District	<u>1,953,921</u>
Total	<u><u>\$ 3,171,101</u></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 August 31, 2018 rolled forward to August 31, 2019. 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 thru August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.000023414908%, which was an increase of 0.000002782014% from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation** - Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- 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 based on the actuarial assumptions.



O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**I. DEFINED BENEFIT PENSION PLAN - CONTINUED**

**Changes Since the Prior Actuarial Valuation – continued** - There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2020, O'Donnell Independent School District recognized pension expense of \$306,933 and revenue of \$306,933 for support provided by the State in the Government Wide Statement of Activities.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual actuarial experience	\$ 5,113	\$ 42,262
Changes in actuarial assumptions	377,629	156,054
Net difference between projected and actual investment earnings	12,222	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	151,250	41,551
Contributions paid to TRS subsequent to the measurement date	81,315	
Total	\$ 627,529	\$ 239,867

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended August 31:</u>	<b>Pension Expense Amount</b>
2021	\$ 73,808
2022	59,269
2023	70,450
2024	73,071
2025	34,957
Thereafter	(5,209)

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED**

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

**OPEB Plan Fiduciary Net Position** - Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. The report may be obtained on the internet at <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>; or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2019 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB liability	\$ 48,583,247,239
Less plan fiduciary net position	<u>1,292,022,349</u>
Net OPEB liability	\$ 47,291,224,890
 Net position as a percentage of total OPEB liability	 2.66%

**Benefits Provided** - TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents pay premiums to participate in the high-deductible health plans. Eligible non-Medicare retirees and their dependents may enroll in the 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 General Appropriations Act (GAA) passed by the 86<sup>th</sup> Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86<sup>th</sup> Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days expenditures.

The premium rates for retirees are presented in the following table.

<b>TRS-Care Monthly Premium Rates</b>		
	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

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

**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 participating employers based upon active employee compensation. 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 0.65% of salary. Section 1575.204 establishes a public-school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public-school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2019. The following table shows contributions to the TRS-Care plan by type of contributor:

	<b>Contribution Rates</b>	
	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2020 Fiscal Year Employer Contributions		\$ 28,337
District's 2020 Fiscal Year Member Contributions		18,840
Measurement Year NECE On-Behalf Contributions		66,614

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. A supplemental appropriation in the amount of \$230,756,971 was transferred to TRS to pay for care during the 86<sup>th</sup> Legislative Session, House Bill 1.

The District's proportionate share of the \$230,756,971 received during the District's 2020 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24. The District's .000040221315 proportionate share totaled \$9,281.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED**

**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 annual pension actuarial valuation that was rolled forward to August 31, 2019:

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

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
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.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post Employment Benefit Changes	None

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED**

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

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

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

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

**Sensitivity of the Net OPCB Liability:**

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of the net OPEB liability	\$ 2,296,463	\$ 1,902,115	\$ 1,593,616

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED**

**Healthcare Cost Trend Rates Sensitivity Analysis** - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower and 1% point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,551,679	\$ 1,902,115	\$ 2,371,539

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** - At August 31, 2020, O'Donnell Independent School District reported a liability of \$1,902,115 for its proportionate share of the TRS' 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 then, the related State support, and the total portion of the net OPEB liability that was associated with O'Donnell Independent School District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1,902,115
State's proportionate share that is associated with the District	2,527,486
Total	\$ 4,429,601

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

At August 31, 2019 the employer's proportion of the collective net OPEB liability was 0.000040221315% compared to the 0.000032109550% as of August 31, 2018. This is an increase of 0.000008111765%.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED**

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

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

**Changes in Benefit Terms:** There were no changes in the benefit terms since the prior measurement date.

For the year ended August 31, 2020, the O'Donnell Independent School District recognized OPEB expense of \$66,614 and revenue of \$66,614 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 93,315	\$ 311,261
Changes in actuarial assumptions	105,648	511,622
Difference between projected and actual investment earnings	205	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	464,347	-
Contributions paid to TRS subsequent to the measurement date	28,337	-
Total	\$ 691,852	\$ 822,883

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED**

The net amounts of the employer's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended August 31:</u>	<u>OPEB Expense Amount</u>
2021	\$ (46,883)
2022	(46,883)
2023	(46,949)
2024	(46,987)
2025	(46,977)
Thereafter	75,311

**K. MEDICARE PART D – ON-BEHALF PAYMENTS**

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Group Insurance Program to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The subsidy payments received by TRS-Care on behalf of the District were \$13,755 and \$9,908 for the years ended August 31, 2020 and 2019, respectively.



O'DONNELL INDEPENDENT SCHOOL DISTRICT  
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**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**L. HEALTH CARE COVERAGE**

During the year ended August 31, 2020, the employees of the O'Donnell Independent School District were covered by a health insurance plan (the plan) through the Teacher Retirement System of Texas (TRS-Active Care), an interlocal cooperative agreement. The District paid premiums of \$289 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to Teacher Retirement System of Texas. The plan was authorized by Article 3.50-7 of the Texas School Employees Uniform Group Health Coverage of the Texas Insurance Code and was documented by a contractual agreement. The latest financial statements for TRS-Active Care for the year ended December 31, 2019 are public records that are available and filed with the Texas State Board of Insurance, Austin, Texas.

The District also provides a dental health insurance plan. The District paid premiums of \$27 per month per employee to the dental health insurance plan.

The O'Donnell Independent School District established a flexible spending plan effective September 1, 1987. The plan consists of the following benefit plans: Child and Dependent Care Reimbursement Plan; Insurance Premium Payment Plan (medical, group-term life, disability and dental); Cash Benefit; and Medical Expense Reimbursement Plan. All full-time employees are eligible to participate in this plan.

**M. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For risks of loss for liability, workers' compensation, property insurance and unemployment compensation, the District participated in a public entity risk pool. The District continues to carry commercial insurance for all other risks of loss, including student insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three years.

**Workers' Compensation Pool**

During the year ended August 31, 2020, the O'Donnell ISD met its statutory workers' compensation obligations through participation in the Texas Association of School Board's Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against the higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2019, the Fund carries a discounted reserve of \$45,439,534 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2020, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**M. RISK MANAGEMENT – CONTINUED**

**Workers' Compensation Pool – continued**

The Fund engages the service of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available on the Texas Association of School Board's Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**Property/Liability Program**

During the year ended August 31, 2020, the O'Donnell Independent School District participated in the following Texas Association School Boards, Inc. Risk Management Fund (the Fund) programs:

Auto physical damage and liability	Legal liability
Property	Privacy and information security

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability and property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2020, the Fund anticipates that the O'Donnell Independent School District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available on the Texas Association School Board's Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**Unemployment Compensation Pool**

During the year ended August 31, 2020, the O'Donnell Independent School District provided unemployment compensation coverage to its employees through participation in the Texas Association School Boards Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**M. RISK MANAGEMENT – CONTINUED**

**Unemployment Compensation Pool – continued**

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2020, the Fund anticipates that the O'Donnell Independent School District has no additional liability beyond the contractual obligation for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available on the Texas Association of School Board's Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Current Property Taxes	\$ 1,126,563	\$ 1,135,990		\$ 2,262,553
Delinquent Property Taxes	30,245	9,417		39,662
Penalties, Interest, and Other				
Tax-Related Income	18,101	6,243		24,344
Tax Increment Fund Collection	100,001			100,001
Investment Income	95,814	2,118		97,932
Food Sales	8,113			8,113
Extracurricular Activities	41,830			41,830
Rent	48,780			48,780
County Permanent School Fund	316			316
Gifts	4,349		-	4,349
Other	5,473		5,469	10,942
Total	<u>\$ 1,479,585</u>	<u>\$ 1,153,768</u>	<u>\$ 5,469</u>	<u>\$ 2,638,822</u>

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**O. GENERAL FUND FEDERAL REVENUE SOURCES**

The following federal revenues were recorded through the General Fund:

Program or Source	CFDA Number	Amount
National School Breakfast Program	10.553	\$ 45,501
National School Lunch - Cash Assistance	10.555	100,044
National School Lunch - Non-Cash Assistance	10.555	14,296
School Health and Related Services (SHARS)	N/A	62,323
E-Rate	N/A	31,169
Total		\$ 253,333

**P. JOINT VENTURES/SHARED SERVICE ARRANGEMENTS**

**IDEA-B Formula and IDEA-B Preschool**

The District participates in a shared service arrangement that provides funds to operate educational programs for children with disabilities with six other districts. In addition to the District, other members include Loop Independent School District, New Home Independent School District, Plains Independent School District, Seagraves Independent School District, Tahoka Independent School District and Wellman-Union Independent School District. Tahoka Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared service arrangement. Funds needed for joint expenses of the Four County Shared Service are provided by the member districts and accounted for by the fiscal agent. The amount provided to the Four County Shared Service is accounted for in Fund 199, Function 93.

**Carl D. Perkins Career and Technical Basic Grant**

O'Donnell Independent School District participates in a shared service arrangement for the Carl D. Perkins Career and Technical Basic Grant. These funds are granted to develop more fully the academic knowledge and technical and employability skills of secondary education students who elect to enroll in career and technical education programs. The Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared service arrangement. A detail of O'Donnell Independent School District's expenditures is reported in Fund 244.

**Title III, Part A, English Language Acquisition and Language Enhancement**

The District participates in a shared service arrangement for the English Language Acquisition and Language Enhancement Grant to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared service arrangement.

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2020

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – CONTINUED**

**P. JOINT VENTURES/SHARED SERVICE ARRANGEMENTS - CONTINUED**

**Summer Food Service Program**

The O'Donnell Independent School District participates in a joint venture for service provided by the South Plains Food Bank. This agreement allows the District to operate the Summer Food Service Program (SFSP) as an open site that will serve meals free of charge to local children even if they are not enrolled in the program. South Plains Food Bank, Inc. is the administrator for the program and is responsible for securing food, site monitoring and support, and all financial activities of the joint venture. The District is responsible for staff to operate the Summer Food Service Program. The District's expenditures are reported in Fund 101.

**Q. COMMITMENTS AND CONTINGENCIES**

**Federal and State Funding**

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

**Commitments Under Noncapitalized Leases**

Several copiers are leased under a usage arrangement and are not subject to minimum rentals. The District also rents miscellaneous maintenance equipment as needed that is not subject to minimum rentals. The District continues the month-to-month lease for the postage meter that is not subject to minimum rentals.

Rental Expenditures in Fiscal Year 2020	<u>\$ 17,402</u>
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**R. SUBSEQUENT EVENTS**

The District has evaluated events occurring after August 31, 2020, and through December 7, 2020, the date on which financial statements were available to be issued, for additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison – General Fund

Schedule of the District's Proportionate Share of the Net Pension Liability –  
Teacher Retirement System

Schedule of District Contributions for Pensions -  
Teacher Retirement System of Texas

Schedule of District's Proportionate Share of the Net OPEB Liability –  
Teacher Retirement System of Texas

Schedule of District Contributions for OPEB Liability –  
Teacher Retirement System of Texas

Notes to Required Supplementary Information

ODONNELL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,409,098	\$ 1,429,698	\$ 1,479,585	\$ 49,887
5800 State Program Revenues	3,018,558	3,018,558	2,750,956	(267,602)
5900 Federal Program Revenues	182,500	182,500	253,333	70,833
5020 Total Revenues	4,610,156	4,630,756	4,483,874	(146,882)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	2,394,576	2,367,272	2,208,811	158,461
0012 Instructional Resources and Media Services	3,005	4,005	2,579	1,426
0013 Curriculum and Instructional Staff Development	16,175	18,175	15,456	2,719
0021 Instructional Leadership	51,563	71,863	64,619	7,244
0023 School Leadership	267,426	275,817	268,088	7,729
0031 Guidance, Counseling, and Evaluation Services	90,622	90,922	84,075	6,847
0033 Health Services	69,080	73,416	70,898	2,518
0034 Student (Pupil) Transportation	99,127	99,427	75,625	23,802
0035 Food Services	228,681	262,881	212,674	50,207
0036 Extracurricular Activities	407,350	463,827	385,098	78,729
0041 General Administration	276,628	276,928	245,667	31,261
0051 Facilities Maintenance and Operations	683,380	690,745	607,524	83,221
0052 Security and Monitoring Services	7,000	7,000	1,950	5,050
0053 Data Processing Services	307,899	308,799	297,437	11,362
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	121,000	121,000	117,562	3,438
0099 Other Intergovernmental Charges	60,000	60,000	43,521	16,479
6030 Total Expenditures	5,083,512	5,192,077	4,701,584	490,493
1100 Excess (Deficiency) of Revenues Over (Under)	(473,356)	(561,321)	(217,710)	343,611
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	450	450
7915 Transfers In	57,171	57,171	36,436	(20,735)
8911 Transfers Out (Use)	(57,171)	(57,171)	(36,436)	20,735
7080 Total Other Financing Sources (Uses)	-	-	450	450
1200 Net Change in Fund Balances	(473,356)	(561,321)	(217,260)	344,061
0100 Fund Balance - September 1 (Beginning)	4,622,050	4,622,050	4,622,050	-
3000 Fund Balance - August 31 (Ending)	\$ 4,148,694	\$ 4,060,729	\$ 4,404,790	\$ 344,061

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

	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
District's Proportion of the Net Pension Liability (Asset)	0.000023415%	0.000020633%	0.000021097%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,217,180	\$ 1,135,685	\$ 674,562
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,953,921	2,226,401	1,416,554
Total	<u>\$ 3,171,101</u>	<u>\$ 3,362,086</u>	<u>\$ 2,091,116</u>
District's Covered Payroll	\$ 2,628,158	\$ 2,559,456	\$ 2,616,380
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	46.31%	44.37%	25.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

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

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



<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.000021853%	0.000024058%	0.000015574%
\$ 825,774	\$ 850,418	\$ 416,003
1,615,670	1,412,488	1,248,918
<u>\$ 2,441,444</u>	<u>\$ 2,262,906</u>	<u>\$ 1,664,921</u>
\$ 2,494,650	\$ 2,316,289	\$ 2,302,267
33.10%	36.71%	18.07%
78.00%	78.43%	83.25%

ODONNELL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 81,315	\$ 79,326	\$ 69,277
Contribution in Relation to the Contractually Required Contribution	81,315	79,326	69,277
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,898,457	\$ 2,628,158	\$ 2,559,456
Contributions as a Percentage of Covered Payroll	2.81%	3.02%	2.71%

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

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

	2017	2016	2015
\$	66,117	\$ 67,464	\$ 68,420
	66,117	67,464	68,420
\$	-	\$ -	\$ -
\$	2,616,380	\$ 2,494,650	\$ 2,316,289
	2.53%	2.70%	2.95%

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

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.000040221%	0.00003211%	0.000031787%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,902,115	\$ 1,603,259	\$ 1,382,289
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,527,486	2,105,785	2,006,009
Total	<u>\$ 4,429,601</u>	<u>\$ 3,709,044</u>	<u>\$ 3,388,298</u>
District's Covered Payroll	\$ 2,628,158	\$ 2,559,456	\$ 2,616,380
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	72.37%	62.64%	52.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

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

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

ODONNELL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 28,337	\$ 28,255	\$ 22,489
Contribution in Relation to the Contractually Required Contribution	28,337	28,255	22,489
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,898,457	\$ 2,628,158	\$ 2,559,456
Contributions as a Percentage of Covered Payroll	0.98%	1.08%	0.88%

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2020

**A. NOTES TO SCHEDULES FOR THE TEACHER RETIREMENT SYSTEM PENSION**

**Changes of Benefit Terms**

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

**Changes of Assumptions**

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

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

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

**B. NOTES TO THE SCHEDULES FOR THE TEACHER RETIREMENT SYSTEM OTHER POST-EMPLOYMENT BENEFIT PLAN**

**Changes in Benefits**

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

**Changes in Assumptions**

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

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

## **COMBINING SCHEDULES**

Nonmajor Governmental Funds

Private Purpose Trust Funds

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

Data Control Codes	211 ESEA I, A Improving Basic Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	8,876	-	100,518
1000	Total Assets	<u>\$ 8,876</u>	<u>\$ -</u>	<u>\$ 100,518</u>
<b>LIABILITIES</b>				
2160	Accrued Wages Payable	\$ 8,010	\$ -	\$ -
2170	Due to Other Funds	-	-	100,518
2200	Accrued Expenditures	866	-	-
2000	Total Liabilities	<u>8,876</u>	<u>-</u>	<u>100,518</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 8,876</u>	<u>\$ -</u>	<u>\$ 100,518</u>



288 Stop School Violence	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,004	\$ 1,004
-	-	-	-	-	113,035
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 114,039</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,295
-	-	-	-	-	100,518
-	-	-	-	-	1,222
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,035</u>
-	-	-	-	1,004	1,004
-	-	-	-	1,004	1,004
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 114,039</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	113,674	4,570	16,906	100,518
5020 Total Revenues	<u>113,674</u>	<u>4,570</u>	<u>16,906</u>	<u>100,518</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	113,674	4,570	16,906	100,518
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
6030 Total Expenditures	<u>113,674</u>	<u>4,570</u>	<u>16,906</u>	<u>100,518</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

288 Stop School Violence	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,469	\$ 5,469
-	-	4,541	39,897	-	44,438
41,097	10,315	-	-	-	287,080
41,097	10,315	4,541	39,897	5,469	336,987
-	-	4,541	496	8,363	249,068
1,399	-	-	12,326	11,598	25,323
-	10,315	-	-	-	10,315
-	-	-	1,037	2,072	3,109
1,310	-	-	-	-	1,310
-	-	-	-	2,069	2,069
38,388	-	-	25,000	-	63,388
-	-	-	1,038	-	1,038
41,097	10,315	4,541	39,897	24,102	355,620
-	-	-	-	(18,633)	(18,633)
-	-	-	-	19,637	19,637
\$ -	\$ -	\$ -	\$ -	\$ 1,004	\$ 1,004

ODONNELL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2020

	Glenn Hopkins Memorial	Bill Clopton Memorial	Dwight Gleghorn Scholarship	Robyn Williams Scholarship
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 781	\$ 1,460	\$ 1,552	\$ 1,044
Total Assets	<u>781</u>	<u>1,460</u>	<u>1,552</u>	<u>1,044</u>
<b>NET POSITION</b>				
Restricted for Scholarships	781	1,460	1,552	1,044
Total Net Position	<u>\$ 781</u>	<u>\$ 1,460</u>	<u>\$ 1,552</u>	<u>\$ 1,044</u>

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Angie Harrison Memorial	General Scholarship	Total Private Purpose Trust Funds
\$ 1,342	\$ 17	\$ 6,196
<u>1,342</u>	<u>17</u>	<u>6,196</u>
1,342	17	6,196
<u>\$ 1,342</u>	<u>\$ 17</u>	<u>\$ 6,196</u>

ODONNELL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2020

	Glenn Hopkins Memorial	Bill Clopton Memorial	Dwight Gleghorn Scholarship	Robyn Williams Scholarship
<b>ADDITIONS:</b>				
Donations received	\$ 5,778	\$ -	\$ -	\$ -
Earnings from deposits	21	30	32	21
Total Additions	<u>5,799</u>	<u>30</u>	<u>32</u>	<u>21</u>
<b>DEDUCTIONS:</b>				
Scholarships paid	5,020	-	-	-
Total Deductions	<u>5,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	779	30	32	21
Net Position - September 1 (Beginning)	<u>2</u>	<u>1,430</u>	<u>1,520</u>	<u>1,023</u>
Net Position - August 31 (Ending)	<u>\$ 781</u>	<u>\$ 1,460</u>	<u>\$ 1,552</u>	<u>\$ 1,044</u>

Angie Harrison Memorial	General Scholarship	Total Private Purpose Trust Funds
\$ -	\$ 2,500	\$ 8,278
28	17	149
<u>28</u>	<u>2,517</u>	<u>8,427</u>
-	2,500	7,520
-	2,500	7,520
28	17	907
<u>1,314</u>	<u>-</u>	<u>5,289</u>
<u>\$ 1,342</u>	<u>\$ 17</u>	<u>\$ 6,196</u>

**REQUIRED TEA SCHEDULES**

Schedule of Delinquent Taxes Receivable

Budgetary Comparison – Debt Service Fund



ODONNELL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2020

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ 421,551,700
2012	1.170000	0.000000	98,013,960
2013	1.107100	0.000000	130,485,040
2014	1.170000	0.000000	247,973,960
2015	1.170000	0.400000	150,480,790
2016	1.170000	0.330000	114,426,340
2017	1.170000	0.330000	93,840,650
2018	1.110000	0.380000	96,846,420
2019	1.087800	0.350000	115,873,720
2020 (School year under audit)	1.015100	0.400000	95,364,680
1000 TOTALS			

Assessed values for the 2015-2020 school years reflect the maintenance and operation values. In 2020, the value for debt service was \$266,087,320. The difference of \$170,722,640 was due to a Chapter 313 Tax Incentive Agreement for a wind energy farm which provides an exemption to the appraised value of property for the maintenance and operations portion of the tax. The property remains fully taxable for the interest and sinking portion of the tax rate.

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 8,110	\$ -	\$ 12	\$ 2	\$ (1,141)	\$ 6,955
1,782	-	265	-	(736)	781
2,106	-	315	-	(697)	1,094
2,441	-	636	-	(736)	1,069
4,985	-	1,546	529	(988)	1,922
5,053	-	1,308	369	(953)	2,423
6,500	-	1,513	426	(1,334)	3,227
13,079	-	4,946	1,693	(1,325)	5,115
39,269	-	19,704	6,398	(1,372)	11,795
2,032,396	-	1,126,563	1,135,990	347,300	117,143
<u>\$ 2,115,721</u>	<u>\$ -</u>	<u>\$ 1,156,808</u>	<u>\$ 1,145,407</u>	<u>\$ 338,018</u>	<u>\$ 151,524</u>

ODONNELL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,123,653	\$ 1,123,653	\$ 1,153,768	\$ 30,115
5800 State Program Revenues	5	5	6,046	6,041
5020 Total Revenues	1,123,658	1,123,658	1,159,814	36,156
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-Term Debt	655,000	705,000	675,000	30,000
0072 Interest on Long-Term Debt	384,778	384,778	413,780	(29,002)
0073 Bond Issuance Cost and Fees	1,000	1,000	1,001	(1)
6030 Total Expenditures	1,040,778	1,090,778	1,089,781	997
1200 Net Change in Fund Balances	82,880	32,880	70,033	37,153
0100 Fund Balance - September 1 (Beginning)	358,043	337,905	337,905	-
3000 Fund Balance - August 31 (Ending)	\$ 440,923	\$ 370,785	\$ 407,938	\$ 37,153

**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**

NEWBERRY LEONARD HORTON & BAIRRINGTON  
CERTIFIED PUBLIC ACCOUNTANTS

611 N 2<sup>ND</sup> STREET, LAMESA TX 79331  
PO BOX 790

Members of

ROBERT S WILTON  
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Texas Society of  
Certified Public Accountants

American Institute of  
Certified Public Accountants



December 7, 2020

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

Board of School Trustees  
O'Donnell Independent School District  
Post Office Box 487  
O'Donnell, Texas 79351

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the O'Donnell Independent School District, O'Donnell, Texas as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the O'Donnell Independent School District's basic financial statements, and have issued our report thereon dated December 7, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 O'Donnell Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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.

  
Newberry Leonard Horton & Bairrington

O'DONNELL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED AUGUST 31, 2020

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of O'Donnell Independent School District.
2. There were no significant deficiencies or material weaknesses disclosed during the audit of the financial statements that are reported in the 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.
3. No instances of noncompliance material to the financial statements of O'Donnell Independent School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no significant deficiencies in internal controls or noncompliance.

**STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE**

There were no prior year findings or questioned costs.

**CORRECTIVE ACTION PLAN**

The person responsible for corrective action is Catherine Y. Palmer, Superintendent. Procedures continue to be implemented to assure the District has no significant deficiencies in internal controls or noncompliance.