

WHARTON INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2020



Wharton Independent School District
Annual Financial Report
For The Year Ended August 31, 2020

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Introductory Section



CERTIFICATE OF BOARD

Wharton Independent School District
Name of School District

Wharton
County

24190402
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on the 15 day of December, 2020.

Christine A. Stransky
Signature of Board Secretary

Curtis W. Evans
Signature of Board President

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



Financial Section



Harry Afadapa & Associates, PC
Certified Public Accountants
11104 W. Airport Blvd., Suite 117
Stafford, Texas 77477
(346) 219-2665~ www.afadapa.com

Independent Auditor's Report

To the Board of Trustees
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 Wharton Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of Wharton Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wharton Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Harry Afadapa
& Associates, PC

Digitally signed by Harry Afadapa &
Associates, PC
DN: cn=Harry Afadapa & Associates,
PC, o=Harry Afadapa & Associates, PC,
ou, email=harry@afadapa.com, c=US
Date: 2021.01.27 13:07:53 -06'00'

Harry Afadapa & Associates, PC

Stafford, Texas
November 30, 2020



WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020

This discussion and analysis of the Wharton Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2020. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Wharton Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Wharton Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Wharton Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net position as of August 31, 2020 and 2019 are summarized as follows:

WHARTON INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities		
	8/31/2020	8/31/2019	Change
Current and other assets	\$ 38,659,001	\$ 48,298,120	\$ (9,639,119)
Capital assets	30,682,641	30,829,652	(147,011)
Deferred outflow of resources	4,506,497	4,052,462	454,035
Total assets	<u>73,848,139</u>	<u>83,180,234</u>	<u>(9,332,095)</u>
Other liabilities	3,267,902	2,392,302	875,600
Long-term liabilities outstanding	66,244,006	68,209,194	(1,965,188)
Deferred inflow of resources	4,920,409	3,414,952	1,505,457
Total liabilities	<u>74,432,317</u>	<u>74,016,448</u>	<u>415,869</u>
Net position:			
Net investment in capital assets	(22,786,991)	(23,645,348)	858,357
Restricted	10,028,970	31,224,657	(21,195,687)
Unrestricted	12,173,843	1,584,477	10,589,366
Total net position	<u>\$ (584,178)</u>	<u>\$ 9,163,786</u>	<u>\$ (9,747,964)</u>

Current and other assets decreased by over \$9.6 million due to the capital project expenditures which was accounted for in the cash and cash equivalent accounts. Other asset increase of \$454,035 includes those associated with Deferred Outflow of resources. Increase in Other liability consists of the inclusion of the current portion of the long term liability of \$1,580,000 which was previously not included in this category, and a reduction in other liabilities. A significant portion of the decrease in long-term liabilities was attributed to the \$1,385,000 payment in debt obligation. As discussed above, deferred inflow of resources also increased by \$1,505,457 base on current determination of GASB 68 and GASB 75 Financial Reporting requirements. As noted earlier, net position may serve over time as a useful indicator of a district's financial position. In the case of Wharton Independent School District, liability exceeded assets by \$584,178 at the close of the most recent fiscal year, August 31, 2020.

The District's net position reflects a negative investment in capital assets when considered in relation to the debt obligation used to acquire those assets that is still outstanding. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (\$10,028,970) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020

position of \$12,173,843 may be used to meet the District's ongoing obligations to educate the school-age children of Wharton.

The District's changes in net position for the fiscal years end August 31, 2020 and 2019 are summarized as follows:

WHARTON INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

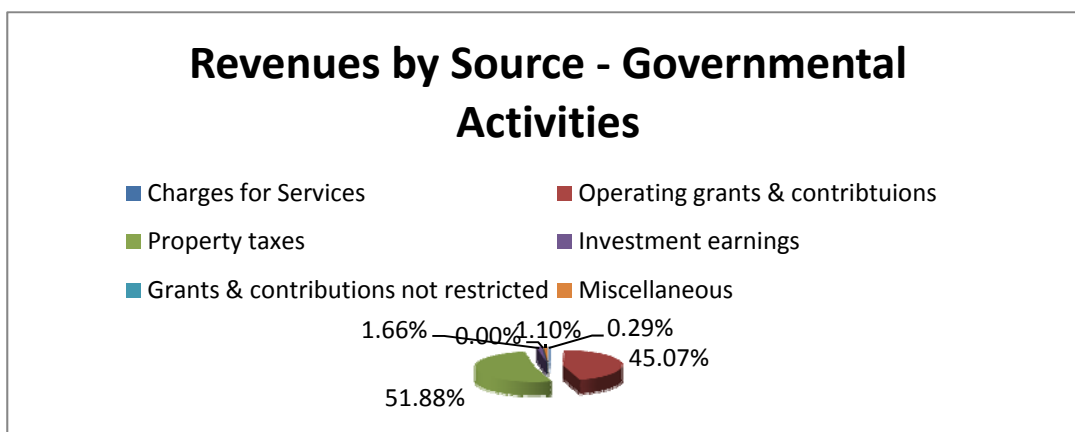
	Governmental Activities		
	8/31/2020	8/31/2019	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 98,854	\$ 37,123	\$ 61,731
Operating grants & contributions	11,038,559	7,295,091	3,743,468
General Revenues:			
Property taxes	16,935,481	16,268,406	667,075
Investment earnings	562,183	610,626	(48,443)
Grants & contributions not restricted for specific purpose	-	4,724,111	(4,724,111)
Miscellaneous	374,541	1,226,825	(852,284)
Total revenues	29,009,618	30,162,182	(1,152,564)
Expenses:			
Instruction	13,094,201	10,758,338	2,335,863
Instructional resources and media	807,511	676,374	131,137
Curriculum and staff development	340,672	412,319	(71,647)
Instructional leadership	301,818	278,390	23,428
School leadership	1,432,759	1,172,262	260,497
Guidance and counseling	1,211,671	1,096,025	115,646
Social works services	687	-	687
Health services	223,291	210,668	12,623
Student transportation	997,270	1,353,138	(355,868)
Food service	1,304,491	1,225,089	79,402
Extracurricular activities	790,469	764,187	26,282
General administration	1,519,833	1,097,442	422,391
Plant maintenance and operations	3,429,601	3,343,307	86,294
Security and monitoring services	175,510	250,163	(74,653)
Data processing services	129,381	150,598	(21,217)
Interest on long-term debt	2,118,347	973,663	1,144,684
Capital Outlay	9,818,410	6,757,057	3,061,353
Payments related to SSA	768,718	713,075	55,643
Other Intergovernmental Charges	292,941	273,858	19,083
Total expenses	38,757,581	31,505,953	7,251,628
Increase in net position	(9,747,963)	(1,343,771)	(8,404,192)
Net position- beginning	9,163,785	10,507,557	(1,343,772)
Net position ending	\$ (584,178)	\$ 9,163,786	\$ (9,747,964)

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020

The District's net position from current operations decreased by \$9,747,963 when compared to the prior year net decrease of \$1,343,771. Overall revenue decreased by \$1,152,564 and expenditures increased by \$7,251,628. Some of the key elements of these net differences between 2020 and 2019 are as follows:

- Except for Curriculum & Staff Development; Student Transportation; Data Processing Services, and Security & Monitoring Services all functional codes of the district experienced some of increase in operational costs.
- While there was a substantial decrease in revenue of \$1,152,564 when compared to prior year, there were an increase in overall expenditure of \$7,251,628 thus creating an overall reduction in Net change in Net Position of \$9,747,963.

The following chart shows the percentage of revenues by major source:



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$36,746,472, a decrease of \$9,859,063. \$31,786,607 of this total constitutes unassigned fund balance, which is available for spending at the District's discretion. \$729,865 is restricted by external parties, constitutional provisions or enabling legislation to pay debt and for state and federal grants. The remaining \$4,230,000 of fund balance has been committed by the Board of Trustees to be used for construction and capital expenditures for equipment.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance in the general fund was \$10,322,926. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 48% of total general fund expenditures.

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020

The fund balance of the general fund decreased by \$404,263 for the year ended August 31, 2020 compared to an increase of \$3,473,258 in 2019. Revenue decreased by \$2,428,402 and expenditures increased by \$1,438,067.

General Fund Budgetary Highlights

The Board of Trustees approved a net increase in the expenditure budget for the year by \$1,534,438 of which each category had a slight increase when compared to prior year.

Overall, budget revenue exceeded actual by \$85,915. Local revenue was above budget by \$247,559 primarily in estimated tax collections. The budgeted state revenue was exceeded actual by \$317,798 and the budgeted federal revenue exceeded actual by \$15,676. Expenditures were under budget by \$802,781 of which there were savings in Student Transportation (\$165,401), and Plant Maintenance & Operations (\$344,414).

Debt Administration

Debt administration events during the current fiscal year included:

- No additional bond obligation during the fiscal year 2019/2020 school year, and a pay down amount of \$1,385,000 in principal amount.
- Increase in Net Pension Liability of \$2,028,822.
- Also increase in Net OPEB liability of \$1,643,634.

	Governmental Activities		Change
	8/31/2020	8/31/2019	
General obligation bonds	\$ 53,090,000	\$ 54,475,000	\$ (1,385,000)
Net pension liability	6,482,399	8,511,221	(2,028,822)
Net OPEB liability	8,251,607	6,607,973	1,643,634
	<u>\$ 67,824,006</u>	<u>\$ 69,594,194</u>	<u>\$ (1,770,188)</u>

Capital Assets

	Governmental Activities		Change
	8/31/2020	8/31/2019	
Land	\$ 379,632	\$ 379,632	\$ -
Buildings & Improvements	51,287,396	50,245,772	1,041,624
Furniture and Equipment	1,199,544	1,122,971	76,573
Vehicles	2,911,983	3,068,887	(156,904)
Totals	<u>55,778,555</u>	<u>54,817,262</u>	<u>961,293</u>
Less accumulated depreciation	<u>(24,412,906)</u>	<u>(23,987,610)</u>	<u>(425,296)</u>
	<u>\$ 31,365,649</u>	<u>\$ 30,829,652</u>	<u>\$ 535,997</u>

Capital asset events during the year included:

- Capital improvement District-wide for building and improvement
- Additional Furniture & Equipment were purchased during the fiscal year.

**WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2020**

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. The District adopted a balanced budget for 2020-2021. Factors affecting the 2021 budget were as follows:

- \$869,332 increase in Instructional cost for 2020-2021 fiscal year
- \$487,480 increase in School Leadership cost for 2020-2021 fiscal year
- And \$378,690 increase in Facilities Maintenance & Operations in 2020-2021 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Wharton Independent School District, Attention: Chief Financial Officer (CFO), 2100 N. Fulton, Wharton, Texas 77488 or call (979) 532-3612.

Basic Financial Statements



WHARTON INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION**

AUGUST 31, 2020

		1	
Data Control Codes		Governmental Activities	
ASSETS:			
1110	Cash and Cash Equivalents	\$	2,283,348
1120	Current Investments		35,247,314
1225	Property Taxes Receivable (Net)		224,628
1240	Due from Other Governments		869,281
1300	Inventories		34,430
Capital Assets:			
1510	Land		379,632
1520	Buildings and Improvements, Net		28,367,175
1530	Furniture and Equipment, Net		1,935,834
1000	Total Assets		<u>69,341,642</u>
DEFERRED OUTFLOWS OF RESOURCES:			
	Deferred Outflow Related to Pensions		3,287,498
	Deferred Outflow Related to OPEB		1,218,999
1700	Total Deferred Outflows of Resources		<u>4,506,497</u>
LIABILITIES:			
2110	Accounts Payable		457,265
2165	Accrued Liabilities		1,086,922
2300	Unearned Revenue		143,715
Noncurrent Liabilities:			
2501	Due Within One Year		1,580,000
2502	Due in More Than One Year		51,510,000
2540	Net Pension Liability		6,482,399
2545	Net OPEB Liability		8,251,607
2000	Total Liabilities		<u>69,511,908</u>
DEFERRED INFLOWS OF RESOURCES:			
	Deferred Inflow Related to Pensions		1,350,642
	Deferred Inflow Related to OPEB		3,569,767
2600	Total Deferred Inflows of Resources		<u>4,920,409</u>
NET POSITION:			
3200	Net Investment in Capital Assets		(22,786,991)
Restricted For:			
3850	Debt Service		190,662
3890	Other Purposes		9,838,308
3900	Unrestricted		12,173,843
3000	Total Net Position	\$	<u>(584,178)</u>

The accompanying notes are an integral part of this statement.



WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 13,094,201	\$ --	\$ 5,617,977	\$ (7,476,224)
12	Instructional Resources and Media Services	807,511	--	206,581	(600,930)
13	Curriculum and Staff Development	340,672	--	149,463	(191,209)
21	Instructional Leadership	301,818	--	222,014	(79,804)
23	School Leadership	1,432,759	--	444,561	(988,198)
31	Guidance, Counseling, & Evaluation Services	1,211,671	--	785,474	(426,197)
32	Social Work Services	687	--	--	(687)
33	Health Services	223,291	--	71,142	(152,149)
34	Student Transportation	997,270	--	293,482	(703,788)
35	Food Service	1,304,491	98,854	1,077,288	(128,349)
36	Cocurricular/Extracurricular Activities	790,469	--	231,926	(558,543)
41	General Administration	1,519,833	--	453,158	(1,066,675)
51	Facilities Maintenance and Operations	3,429,601	--	978,888	(2,450,713)
52	Security and Monitoring Services	175,510	--	67,699	(107,811)
53	Data Processing Services	129,381	--	36,751	(92,630)
72	Interest on Long-term Debt	2,118,347	--	26,710	(2,091,637)
81	Capital Outlay	9,818,410	--	127,138	(9,691,272)
93	Payments Related to Shared Services Arrangements	768,718	--	248,307	(520,411)
99	Other Intergovernmental Charges	292,941	--	--	(292,941)
TG	Total Governmental Activities	38,757,581	98,854	11,038,559	(27,620,168)
TP	Total Primary Government	\$ 38,757,581	\$ 98,854	\$ 11,038,559	(27,620,168)
General Revenues:					
MT	Property Taxes, Levied for General Purposes				12,993,417
DT	Property Taxes, Levied for Debt Service				3,942,064
IE	Investment Earnings				562,183
MI	Miscellaneous				374,541
TR	Total General Revenues				17,872,205
CN	Change in Net Position				(9,747,963)
NB	Net Position - Beginning				9,163,785
NE	Net Position - Ending				\$ (584,178)

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ (2,236,352)	\$ 493,443
1120 <i>Current Investments</i>	14,284,299	31,302
1225 <i>Taxes Receivable, Net</i>	24,431	200,197
1240 <i>Due from Other Governments</i>	496,250	--
1260 <i>Due from Other Funds</i>	3,254,104	--
1300 <i>Inventories</i>	--	--
1000 <i>Total Assets</i>	<u>15,822,732</u>	<u>724,942</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 340,447	\$ --
2150 <i>Payroll Deductions & Withholdings</i>	7,001	--
2160 <i>Accrued Wages Payable</i>	842,025	--
2170 <i>Due to Other Funds</i>	--	--
2200 <i>Accrued Expenditures</i>	17,687	--
2300 <i>Unearned Revenue</i>	62,646	200,197
2000 <i>Total Liabilities</i>	<u>1,269,806</u>	<u>200,197</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3415 <i>Long-Term Loans/Notes Receivable</i>	--	283,250
Restricted Fund Balances:		
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--
3480 <i>Retirement of Long-Term Debt</i>	--	190,662
3490 <i>Other Restrictions of Fund Balance</i>	--	--
Committed Fund Balances:		
3510 <i>Construction</i>	2,730,000	--
3530 <i>Capital Expenditures for Equipment</i>	750,000	--
Assigned Fund Balances:		
3590 <i>Other Assigned Fund Balance</i>	750,000	--
3600 <i>Unassigned</i>	10,322,926	50,833
Unassigned, Reported in Nonmajor:		
3610 <i>Special Revenue Funds</i>	--	--
3000 <i>Total Fund Balances</i>	<u>14,552,926</u>	<u>524,745</u>
4000 <i>Total Liabilities and Fund Balances</i>	<u>\$ 15,822,732</u>	<u>\$ 724,942</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 3,539,150	\$ 487,108	\$ 2,283,349
20,931,713	--	35,247,314
--	--	224,628
--	373,031	869,281
--	--	3,254,104
--	34,430	34,430
<u>24,470,863</u>	<u>894,569</u>	<u>41,913,106</u>
\$ --	\$ 116,818	\$ 457,265
--	4,096	11,097
--	202,447	1,044,472
3,250,875	3,229	3,254,104
--	13,666	31,353
--	105,500	368,343
<u>3,250,875</u>	<u>445,756</u>	<u>5,166,634</u>
--	--	283,250
--	60,436	60,436
--	--	190,662
--	195,517	195,517
--	--	2,730,000
--	--	750,000
--	--	750,000
21,219,988	--	31,593,747
--	192,860	192,860
<u>21,219,988</u>	<u>448,813</u>	<u>36,746,472</u>
\$ <u>24,470,863</u>	\$ <u>894,569</u>	\$ <u>41,913,106</u>



WHARTON INDEPENDENT SCHOOL DISTRICT

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

Total fund balances - governmental funds balance sheet	\$ 36,746,472
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	30,682,641
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	224,628
Payables for bond principal which are not due in the current period are not reported in the funds.	(53,090,000)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(6,482,399)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,350,642)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	3,287,498
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(8,251,607)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(3,569,767)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	1,218,999
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	\$ <u>(584,178)</u>

The accompanying notes are an integral part of this statement.

WHARTON 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
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 14,156,810	\$ 3,759,887
5800 <i>State Program Revenues</i>	6,387,177	26,710
5900 <i>Federal Program Revenues</i>	334,324	--
5020 Total Revenues	<u>20,878,311</u>	<u>3,786,597</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	9,781,452	--
0012 <i>Instructional Resources and Media Services</i>	645,644	--
0013 <i>Curriculum and Staff Development</i>	234,208	--
0021 <i>Instructional Leadership</i>	114,088	--
0023 <i>School Leadership</i>	1,316,199	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	447,414	--
0032 <i>Social Work Services</i>	683	--
0033 <i>Health Services</i>	207,219	--
0034 <i>Student Transportation</i>	905,973	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	729,278	--
0041 <i>General Administration</i>	1,428,846	--
0051 <i>Facilities Maintenance and Operations</i>	3,325,526	--
0052 <i>Security and Monitoring Services</i>	209,686	--
0053 <i>Data Processing Services</i>	119,805	--
0071 <i>Principal on Long-term Debt</i>	--	1,385,000
0072 <i>Interest on Long-term Debt</i>	--	2,118,347
0081 <i>Capital Outlay</i>	799,455	--
0093 <i>Payments to Shared Service Arrangements</i>	724,157	--
0099 <i>Other Intergovernmental Charges</i>	292,941	--
6030 Total Expenditures	<u>21,282,574</u>	<u>3,503,347</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(404,263)</u>	<u>283,250</u>
Other Financing Sources and (Uses):		
7915 <i>Transfers In</i>	--	--
8911 <i>Transfers Out</i>	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>(404,263)</u>	<u>283,250</u>
0100 Fund Balances - Beginning	<u>14,957,189</u>	<u>241,495</u>
3000 Fund Balances - Ending	<u>\$ 14,552,926</u>	<u>\$ 524,745</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 259,554	\$ 255,456	\$ 18,431,707
--	1,811,495	8,225,382
--	2,478,860	2,813,184
<u>259,554</u>	<u>4,545,811</u>	<u>29,470,273</u>
--	2,256,199	12,037,651
--	114,853	760,497
--	73,889	308,097
--	166,010	280,098
--	19,832	1,336,031
--	616,034	1,063,448
--	--	683
--	--	207,219
--	840	906,813
--	1,219,912	1,219,912
--	3,663	732,941
--	--	1,428,846
--	4,895	3,330,421
--	--	209,686
--	--	119,805
--	--	1,385,000
--	--	2,118,347
10,022,727	--	10,822,182
--	44,561	768,718
--	--	292,941
<u>10,022,727</u>	<u>4,520,688</u>	<u>39,329,336</u>
<u>(9,763,173)</u>	<u>25,123</u>	<u>(9,859,063)</u>
--	13,000	13,000
--	(13,000)	(13,000)
--	--	--
<u>(9,763,173)</u>	<u>25,123</u>	<u>(9,859,063)</u>
30,983,161	423,690	46,605,535
<u>\$ 21,219,988</u>	<u>\$ 448,813</u>	<u>\$ 36,746,472</u>

WHARTON INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ (9,859,063)
--	----------------

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	1,220,181
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,367,193)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(460,648)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,385,000
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(666,234)
Other reconciling items	<u>(6)</u>

Change in net position of governmental activities - Statement of Activities	\$ <u>(9,747,963)</u>
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The accompanying notes are an integral part of this statement.

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

Data Control Codes	Nonexpendable Trust Fund	Expendable Trust Fund	Agency Funds
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ --	\$ 148,474
1800 <i>Restricted Assets</i>	40,000	53,393	--
1000 <i>Total Assets</i>	<u>40,000</u>	<u>53,393</u>	<u>148,474</u>
LIABILITIES:			
Current Liabilities:			
2150 <i>Payroll Deduction & Withholdings</i>	\$ --	\$ --	\$ (701)
2190 <i>Due to Student Groups</i>	--	--	149,175
2000 <i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>148,474</u>
NET POSITION:			
3800 <i>Held in Trust for Investments</i>	40,000	--	--
3800 <i>Held in Trust</i>	--	53,393	--
3000 <i>Total Net Position</i>	<u>\$ 40,000</u>	<u>\$ 53,393</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

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

	Nonexpendable Trust Funds	Expendable Trust Fund
Additions:		
Investment Income	\$ --	\$ 360
Gifts and Bequests	--	788
Total Additions	--	1,148
Deductions:		
Scholarship Awards	--	2,500
Administrative Expenses	--	--
Total Deductions	--	2,500
Change in Net Position	--	(1,352)
Net Position-Beginning of the Year	40,000	54,745
Net Position-End of the Year	<u>\$ 40,000</u>	<u>\$ 53,393</u>

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. This is a government fund with budgetary control which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for use of the District.

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

Debt Service Fund - A debt service fund is a government fund, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

In addition, the District reports the following fund types:

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

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

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

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes,

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

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

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Deferred Outflows and Inflows of Resources

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

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

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

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

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

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

4. Pensions

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

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

GASB Statement No. 92, *Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.*

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (For example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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7. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 84, *Fiduciary Activities*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

B. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,283,348 and the bank balance was \$2,591,231. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investment at August 31, 2020 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	N/A	\$ 14,315,601
TexPool	N/A	20,931,713
Total Investments		<u>\$ 35,247,314</u>

3. Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

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Public Funds Investment Pools

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

portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of one dollar.

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttsc.org.

C. Disaggregated Receivables

Receivables at August 31, 2020 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible amounts are as follows and are scheduled for collection within one year:

	General Fund	Debt Service	Other Governmental	Totals
Taxes	\$ 735,544	\$ 219,158	\$ --	\$ 954,702
Less allowance	(711,113)	(18,961)	--	(730,074)
Net taxes receivable	\$ 24,431	\$ 200,197	\$ --	\$ 224,628

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FOR THE YEAR ENDED AUGUST 31, 2020

	General Fund	Debt Service	Other Governmental	Totals
Due from other Governments:				
Due from Tax Assessor	\$ --	\$ --	\$ --	\$ --
Texas Education Agency	496,250	--	373,031	869,281
	<u>\$ 496,250</u>	<u>\$ --</u>	<u>\$ 373,031</u>	<u>\$ 896,281</u>

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 379,632	\$ --	\$ --	\$ 379,632
Construction in progress	--	67,545	--	67,545
Total capital assets not being depreciated	<u>379,632</u>	<u>67,545</u>	<u>--</u>	<u>447,177</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	50,245,772	1,089,521	--	51,335,293
Equipment	1,122,971	105,406	7,867	1,220,510
Vehicles	3,068,887	50,847	--	3,119,734
Total capital assets being depreciated	<u>54,437,630</u>	<u>1,245,774</u>	<u>7,867</u>	<u>55,675,537</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,830,703)	(1,041,212)	--	(21,871,915)
Equipment	(514,154)	(71,356)	--	(585,510)
Vehicles	(1,594,447)	(232,320)	(7,867)	(1,818,900)
Total accumulated depreciation	<u>(22,939,304)</u>	<u>(1,344,888)</u>	<u>(7,867)</u>	<u>(24,276,325)</u>
Total capital assets being depreciated, net	<u>31,498,326</u>	<u>(99,114)</u>	<u>--</u>	<u>31,399,212</u>
Governmental activities capital assets, net	<u>\$ 31,877,958</u>	<u>\$ (31,569)</u>	<u>\$ --</u>	<u>\$ 31,846,389</u>
Instruction	\$ 634,918			
Instructional Resources and Media Services	39,917			
Curriculum and Staff Development	24,334			
Instructional Leadership	16,430			
School Leadership	69,183			
Guidance, Counseling, & Evaluation Services	64,684			
Social Work Services	--			
Health Services	12,433			
Student Transportation	79,858			
Food Services	72,301			
Extracurricular Activities	45,100			
General Administration	64,767			
Plant Maintenance and Operations	197,311			
Security and Monitoring Services	14,764			
Data Processing Services	8,888			
Community Services	--			
	<u>\$ 1,344,888</u>			

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FOR THE YEAR ENDED AUGUST 31, 2020

E. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Capital Project Fund	\$ 3,250,875	Capital projects expenditures
General Fund	Special Revenue Funds	3,229	For transfer of federal receipts
	Total	<u>\$ 3,254,104</u>	

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

F. Long-Term Obligations

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the District and are comprised of current interest and capital appreciation bonds as noted below:

Advance Refunding

General Obligation Bonds	Sale Date	Original Borrowed	Interest Rate to Maturity	Final Maturity	Outstanding Balance
Series 2013, Refunding Bond	02/15/2013	8,894,997	3.0 -4.75%	08/15/2031	6,680,000
Series 2014, School Bonds	02/01/2014	9,204,999	3.0 -4.0%	08/15/2037	8,270,000
Series 2016, Refunding	02/01/2016	3,225,000	3.0 -4.75%	08/15/2037	3,225,000
Series 2019, U/L Tax Bond	02/15/2019	14,855,000	3.0 -5%	08/31/2044	14,560,000
Series 2019A, U/L Tax Bond	12/03/2019	20,685,000	3.0 -5%	08/31/2045	20,355,000
					<u>\$ 53,090,000</u>

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 54,475,000	\$ --	\$ 1,385,000	\$ 53,090,000	\$ 1,580,000
Net OPEB Liability	8,511,221	(135,778)	123,836	8,251,607	--
Net Pension Liability *	6,607,973	310,898	436,472	6,482,399	--
Total governmental activities	<u>\$ 69,594,194</u>	<u>\$ 175,120</u>	<u>\$ 1,945,308</u>	<u>\$ 67,824,006</u>	<u>\$ 1,580,000</u>

2. Debt Service Requirements

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

Year Ending August 31,	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2021	\$ 1,580,000	\$ 1,937,914	\$ --	\$ --	\$ 3,517,914
2022	1,665,000	1,863,170	--	--	3,528,170
2023	1,740,000	1,785,045	--	--	3,525,045
2024	1,815,000	1,706,127	--	--	3,521,127

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2025	1,900,000	1,626,252	--	--	3,526,252
2026-2030	10,775,000	6,835,671	--	--	17,610,671
2031-2035	12,995,000	4,565,517	--	--	17,560,517
2036-2040	11,275,000	2,308,523	--	--	13,583,523
2041-2045	9,345,000	698,752	--	--	10,043,752
Totals	<u>\$ 53,090,000</u>	<u>\$ 23,326,971</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 76,416,971</u>

G. Risk Management

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

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

4. Contributions

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

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

<u>Contribution Rates</u>		
	2019	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
District's 2019 Employer Contributions	\$ 468,611	
District's 2019 Member Contributions	\$ 1,099,625	
2019 NECE On-Behalf Contributions (state)	\$ 647,549	

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

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

5. Actuarial Assumptions

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

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

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

6. Discount Rate

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

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

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Asset Class	FY 2019 Target Allocation *	New Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***
Global Equity			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries ****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds ****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
Expected Return	100.0%	100.0%	7.23%
<p>* Target allocations are based on the Strategic Asset Allocation as of FY2019</p> <p>** New allocations are based on the Strategic Asset Allocation to be implemented FY2020</p> <p>*** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%</p> <p>**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds</p> <p>***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility</p>			

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 9,964,390	\$ 6,482,399	\$ 3,661,315

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

At August 31, 2020, the District reported a liability of \$6,482,399 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

District's proportionate share of the collective net pension liability	\$ 6,482,399
State's proportionate share that is associated with District	<u>9,617,686</u>
Total	<u>\$ 16,100,085</u>

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0124701992%. which was an increase (decrease) of 0.0004649640% from its proportion measured as of August 31, 2018.

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

For the year ended August 31, 2020, the District recognized pension expense of \$2,617,372 and revenue of \$1,510,803 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 27,232	\$ 225,079
Changes in actuarial assumptions	2,011,159	831,106
Difference between projected and actual investment earnings	65,091	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	715,405	294,457
Contributions paid to TRS subsequent to the measurement date	468,611	--
Total	<u>\$ 3,287,498</u>	<u>\$ 1,350,642</u>

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

Year Ended August 31	Pension Expense Amount
2021	\$ 378,994
2022	\$ 304,036
2023	\$ 381,877
2024	\$ 356,486
2025	\$ 96,529
Thereafter	\$ (49,677)

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698

3. Benefits Provided.

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

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

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

TRS-Care Monthly Premium Rates		
	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

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%

District's 2020 Employer Contributions		\$ 115,524
District's 2020 Member Contributions		\$ 1,099,625
2019 NECE On-Behalf Contributions (state)		\$ 164,540

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 hiring a TRS retiree, employers are required to pay 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.

5. 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 actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation *
Healthcare Trend Rates	7.30% **
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. ***
Ad Hoc Post-Employment Benefit Changes	None

* Includes inflation at 2.5%.

**7.3% for FY2020, 7.4% for FY 2021, 7.0% for FY 2022, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2027 and later years.

*** 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

6. Discount Rate

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

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 9,962,336	\$ 8,251,607	\$ 6,913,300

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

At August 31, 2020, the District reported a liability of \$8,251,607 for its proportionate share of the TRS's Net OPEB liability. Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 8,251,607
State's proportionate share that is associated with the District	\$ 10,964,539
Total	\$ 19,216,146

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0174484928, which was an increase (decrease) of 0.0004024980% from its proportion measured as of August 31, 2018.

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

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 6,731,371	\$ 8,251,607	\$ 10,288,023

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was 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% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$432,780 and revenue of \$288,980 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 404,811	\$ 1,350,288
Changes in actuarial assumptions	458,312	2,219,479
Differences between projected and actual investment earnings	891	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	239,461	--
Contributions paid to TRS subsequent to the measurement date	115,524	--
Total	\$ 1,218,999	\$ 3,569,767

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

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

Year ended August 31,	OPEB Expense Amount
2021	\$ (425,187)
2022	\$ (425,187)
2023	\$ (425,475)
2024	\$ (425,640)
2025	\$ (425,597)
Thereafter	\$ (339,206)

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2020, the subsidy payment received by TRS-Care on behalf of the District was \$66,520

J. Employee Health Care Coverage

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$397 per pay period per employee and dependents to the Plan. All premiums were paid to a self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable , and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the are available for the year ended , have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

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

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts listed below. All services are provided by the fiscal agent.

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in 2020.

Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Wharton ISD	\$ 668,768
Boling ISD	265,710
East Bernard ISD	206,006
Total	<u>\$ 1,140,484</u>

M. Disaggregated Revenue

During the year ended August 31, 2020, revenues reported in the fund financial statements from local sources consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Property taxes	\$ 13,533,066	\$ 3,719,666	\$ --	\$ --	\$ 17,252,732
Penalties & interest	121,197	22,201	--	--	143,398
Athletic receipts	55,032	--	--	--	55,032
Rent	7,865	--	--	--	7,865
Investment earnings	294,609	18,020	249,554	--	562,183
Insurance Recovery	56,103	--	--	--	56,103
Donations, Gifts & Bequests	680	--	10,000	100,000	110,680
Other	88,258	--	--	56,601	144,859
Food service fees	--	--	--	98,855	98,855
	<u>\$ 14,156,810</u>	<u>\$ 3,759,887</u>	<u>\$ 259,554</u>	<u>\$ 255,456</u>	<u>\$ 18,431,707</u>

Required Supplementary Information

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



WHARTON INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 13,129,505	\$ 13,909,251	\$ 14,156,810	\$ 247,559
5800	State Program Revenues	6,705,000	6,704,975	6,387,177	(317,798)
5900	Federal Program Revenues	350,000	350,000	334,324	(15,676)
5020	Total Revenues	20,184,505	20,964,226	20,878,311	(85,915)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	9,761,631	9,531,204	9,781,452	(250,248)
0012	Instructional Resources and Media Services	692,042	814,450	645,644	168,806
0013	Curriculum and Staff Development	352,715	342,084	234,208	107,876
	Total Instruction & Instr. Related Services	10,806,388	10,687,738	10,661,304	26,434
Instructional and School Leadership:					
0021	Instructional Leadership	117,135	117,126	114,088	3,038
0023	School Leadership	1,187,542	1,256,627	1,316,199	(59,572)
	Total Instructional & School Leadership	1,304,677	1,373,753	1,430,287	(56,534)
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	452,167	452,263	447,414	4,849
0032	Social Work Services	--	--	683	(683)
0033	Health Services	197,255	197,414	207,219	(9,805)
0034	Student (Pupil) Transportation	971,654	1,071,374	905,973	165,401
0035	Food Services	15,000	15,000	--	15,000
0036	Cocurricular/Extracurricular Activities	754,069	722,838	729,278	(6,440)
	Total Support Services - Student (Pupil)	2,390,145	2,458,889	2,290,567	168,322
Administrative Support Services:					
0041	General Administration	1,167,507	1,438,496	1,428,846	9,650
	Total Administrative Support Services	1,167,507	1,438,496	1,428,846	9,650
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,132,483	3,669,940	3,325,526	344,414
0052	Security and Monitoring Services	203,354	203,354	209,686	(6,332)
0053	Data Processing Services	137,021	141,303	119,805	21,498
	Total Support Services - Nonstudent Based	3,472,858	4,014,597	3,655,017	359,580
Debt Service:					
0073	Bond Issuance Costs and Fees	1,500	1,500	--	1,500
	Total Debt Service	1,500	1,500	--	1,500
Capital Outlay:					
0081	Capital Outlay	--	1,068,953	799,455	269,498
	Total Capital Outlay	--	1,068,953	799,455	269,498
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	747,067	747,067	724,157	22,910
0099	Other Intergovernmental Charges	297,363	294,363	292,941	1,422
	Total Intergovernmental Charges	1,044,430	1,041,430	1,017,098	24,332
6030	Total Expenditures	20,187,505	22,085,355	21,282,574	802,781

WHARTON INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 2 of 2

		1	2	3	Variance with Final Budget
Data Control Codes		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(3,000)	(1,121,129)	(404,263)	716,866
1200	Net Change in Fund Balance	(3,000)	(1,121,129)	(404,263)	716,866
0100	Fund Balance - Beginning	14,957,189	14,957,189	14,957,189	--
3000	Fund Balance - Ending	\$ 14,954,189	\$ 13,836,060	\$ 14,552,926	\$ 716,866

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

Measurement period ending August 31,	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	0.0124702%	0.0120052%	0.0130985%	0.0116409%	0.0123346%	0.0084696%	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 6,482,399	\$ 6,607,973	\$ 4,188,201	\$ 4,398,937	\$ 4,360,117	\$ 2,262,347	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	9,617,686	10,942,183	6,469,299	7,716,776	7,730,265	6,671,691	--	--	--	--
Total	<u>\$ 16,100,085</u>	<u>\$ 17,550,156</u>	<u>\$ 10,657,500</u>	<u>\$ 12,115,713</u>	<u>\$ 12,090,382</u>	<u>\$ 8,934,038</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 13,600,906	\$ 13,600,922	\$ 13,466,446	\$ 13,523,052	\$ 12,450,291	\$ 12,444,224	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.66%	48.58%	31.10%	32.53%	35.02%	18.18%	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

WHARTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 468,611	\$ 208,408	\$ 203,461	\$ 206,563	\$ 206,928	\$ 202,446	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(468,611)	(208,408)	(203,461)	(206,563)	(206,928)	(202,446)	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 14,280,842	\$ 13,600,922	\$ 13,466,446	\$ 13,523,052	\$ 12,450,291	\$ 12,444,224	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.28%	1.53%	1.51%	1.53%	1.66%	1.63%	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

WHARTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the collective net OPEB liability	0.0174485%	0.0170460%	0.0170105%	--	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 8,251,607	\$ 8,511,221	\$ 7,397,247	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 10,964,539	\$ 11,038,418	\$ 10,079,874	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ 19,216,146	\$ 19,549,639	\$ 17,477,121	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 13,600,906	\$ 13,600,922	\$ 11,380,380	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	60.67%	62.58%	65.00%	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

WHARTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year Ended									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily or contractually required District contribution	\$ 115,524	\$ 102,007	\$ 100,978	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(115,524)	(102,007)	(100,978)	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 14,280,842	\$ 13,600,922	\$ 11,380,380	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	0.81%	0.75%	0.89%	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2020

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.



*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2020

Data Control Codes	211 ESEA Title I Improving Basic Programs	226 IDEA-Part B Discretionary	240 National School Breakfast/Lunch Program	242 Summer Food Service Program
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ (109,937)	\$ --	\$ 82,411	\$ 33,943
1240 <i>Due from Other Governments</i>	158,177	--	--	--
1300 <i>Inventories</i>	--	--	34,430	--
1000 Total Assets	<u>48,240</u>	<u>--</u>	<u>116,841</u>	<u>33,943</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ --	\$ --
2150 <i>Payroll Deductions & Withholdings</i>	--	--	(2,119)	3,649
2160 <i>Accrued Wages Payable</i>	43,543	--	23,018	--
2170 <i>Due to Other Funds</i>	--	--	--	--
2200 <i>Accrued Expenditures</i>	4,697	--	492	--
2300 <i>Unearned Revenue</i>	--	--	--	--
2000 Total Liabilities	<u>48,240</u>	<u>--</u>	<u>21,391</u>	<u>3,649</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	13,231	47,205
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
Unassigned, Reported in Nonmajor:				
3610 <i>Special Revenue Funds</i>	--	--	82,219	(16,911)
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>95,450</u>	<u>30,294</u>
4000 Total Liabilities and Fund Balances	<u>\$ 48,240</u>	<u>\$ --</u>	<u>\$ 116,841</u>	<u>\$ 33,943</u>

244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Emergency Impact Aid LEA
\$ --	\$ (17,200)	\$ --	\$ --	\$ 105,148
--	20,223	--	--	(2,671)
--	--	--	--	--
--	3,023	--	--	102,477
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	3,023	--	--	102,477
--	3,023	--	--	102,477
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ 3,023	\$ --	\$ --	\$ 102,477

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2020

Data Control Codes	313 IDEA-B Formula	314 IDEA-B Preschool	410 State Textbook Fund	427 State Funded Special Revenue Fund
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ 1,907	\$ --	\$ 3,229
1240 <i>Due from Other Governments</i>	80,484	--	116,818	--
1300 <i>Inventories</i>	--	--	--	--
1000 Total Assets	<u>80,484</u>	<u>1,907</u>	<u>116,818</u>	<u>3,229</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ 116,818	\$ --
2150 <i>Payroll Deductions & Withholdings</i>	--	--	--	--
2160 <i>Accrued Wages Payable</i>	73,456	1,721	--	--
2170 <i>Due to Other Funds</i>	--	--	--	3,229
2200 <i>Accrued Expenditures</i>	7,028	186	--	--
2300 <i>Unearned Revenue</i>	--	--	--	--
2000 Total Liabilities	<u>80,484</u>	<u>1,907</u>	<u>116,818</u>	<u>3,229</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	--	--
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
Unassigned, Reported in Nonmajor:				
3610 <i>Special Revenue Funds</i>	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 80,484</u>	<u>\$ 1,907</u>	<u>\$ 116,818</u>	<u>\$ 3,229</u>

	429 State Funded Special Revenue Fund	437 Special Education	461 Campus Activity Funds	499 Wharton County Community Foundation	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$	297	\$ 352,741	\$ 33,783	\$ 786	\$ 487,108
--	--	--	--	--	373,031
--	--	--	--	--	34,430
	<u>297</u>	<u>352,741</u>	<u>33,783</u>	<u>786</u>	<u>894,569</u>
\$	--	\$ --	\$ --	\$ --	\$ 116,818
297	2,269	--	--	--	4,096
--	60,709	--	--	--	202,447
--	--	--	--	--	3,229
--	1,263	--	--	--	13,666
--	--	--	--	--	105,500
	<u>297</u>	<u>64,241</u>	<u>--</u>	<u>--</u>	<u>445,756</u>
--	--	--	--	--	60,436
--	170,240	39,572	(14,295)	--	195,517
--	118,260	(5,789)	15,081	--	192,860
--	<u>288,500</u>	<u>33,783</u>	<u>786</u>	--	<u>448,813</u>
\$	<u>297</u>	\$ <u>352,741</u>	\$ <u>33,783</u>	\$ <u>786</u>	\$ <u>894,569</u>

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	211 ESEA Title I Improving Basic Programs	226 IDEA-Part B Discretionary	240 National School Breakfast/Lunch Program	242 Summer Food Service Program
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ 98,854	\$ --
5800 <i>State Program Revenues</i>	--	--	44,351	1,223
5900 <i>Federal Program Revenues</i>	540,839	82,297	969,009	62,712
5020 <i>Total Revenues</i>	<u>540,839</u>	<u>82,297</u>	<u>1,112,214</u>	<u>63,935</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	535,614	82,297	--	--
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	5,225	--	--	--
0021 <i>Instructional Leadership</i>	--	--	--	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	1,173,271	46,641
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	--
6030 <i>Total Expenditures</i>	<u>540,839</u>	<u>82,297</u>	<u>1,173,271</u>	<u>46,641</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>--</u>	<u>--</u>	<u>(61,057)</u>	<u>17,294</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	13,000
8911 <i>Transfers Out</i>	--	--	(13,000)	--
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>--</u>	<u>--</u>	<u>(13,000)</u>	<u>13,000</u>
1200 <i>Net Change in Fund Balances</i>	<u>--</u>	<u>--</u>	<u>(74,057)</u>	<u>30,294</u>
0100 <i>Fund Balances - Beginning</i>	<u>--</u>	<u>--</u>	<u>169,507</u>	<u>--</u>
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 95,450</u>	<u>\$ 30,294</u>

244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Emergency Pmpact Aid LEA
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
28,146	57,604	--	38,470	6,210
28,146	57,604	--	38,470	6,210
24,076	--	--	38,470	6,210
--	--	--	--	--
4,070	57,604	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
28,146	57,604	--	38,470	6,210
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	313 IDEA-B Formula	314 IDEA-B Preschool	410 State Textbook Fund	427 State Funded Special Revenue Fund
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	453,636	6,990
5900 <i>Federal Program Revenues</i>	675,218	18,355	--	--
5020 Total Revenues	<u>675,218</u>	<u>18,355</u>	<u>453,636</u>	<u>6,990</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	412,995	18,355	453,636	--
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	--	--	--	6,990
0021 <i>Instructional Leadership</i>	--	--	--	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	262,223	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	--
6030 Total Expenditures	<u>675,218</u>	<u>18,355</u>	<u>453,636</u>	<u>6,990</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	--
8911 <i>Transfers Out</i>	--	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

	429 State Funded Special Revenue Fund	437 Special Education	461 Campus Activity Funds	499 Wharton County Community Foundation	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$	--	\$ 6,250	\$ 50,352	\$ 100,000	\$ 255,456
	7,756	1,297,539	--	--	1,811,495
	--	--	--	--	2,478,860
	<u>7,756</u>	<u>1,303,789</u>	<u>50,352</u>	<u>100,000</u>	<u>4,545,811</u>
	7,756	614,928	16,448	45,414	2,256,199
	--	--	9,451	105,402	114,853
	--	--	--	--	73,889
	--	166,010	--	--	166,010
	--	--	19,832	--	19,832
	--	353,811	--	--	616,034
	--	840	--	--	840
	--	--	--	--	1,219,912
	--	--	3,663	--	3,663
	--	4,895	--	--	4,895
	--	44,561	--	--	44,561
	<u>7,756</u>	<u>1,185,045</u>	<u>49,394</u>	<u>150,816</u>	<u>4,520,688</u>
	--	118,744	958	(50,816)	25,123
	--	--	--	--	13,000
	--	--	--	--	(13,000)
	--	--	--	--	--
	--	118,744	958	(50,816)	25,123
	--	169,756	32,825	51,602	423,690
\$	<u>--</u>	<u>\$ 288,500</u>	<u>\$ 33,783</u>	<u>\$ 786</u>	<u>\$ 448,813</u>

WHARTON INDEPENDENT SCHOOL DISTRICT**EXHIBIT H-3**

CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 250,555	\$ 259,554	\$ 8,999
5020	Total Revenues	<u>250,555</u>	<u>259,554</u>	<u>8,999</u>
	EXPENDITURES:			
	Capital Outlay:			
0081	<i>Capital Outlay</i>	<u>10,100,000</u>	<u>10,022,727</u>	<u>77,273</u>
	Total Capital Outlay	<u>10,100,000</u>	<u>10,022,727</u>	<u>77,273</u>
6030	Total Expenditures	<u>10,100,000</u>	<u>10,022,727</u>	<u>77,273</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(9,849,445)</u>	<u>(9,763,173)</u>	<u>86,272</u>
1200	Net Change in Fund Balance	<u>(9,849,445)</u>	<u>(9,763,173)</u>	<u>86,272</u>
0100	Fund Balance - Beginning	<u>30,983,161</u>	<u>30,983,161</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 21,133,716</u>	<u>\$ 21,219,988</u>	<u>\$ 86,272</u>

WHARTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
AUGUST 31, 2020

Data Control Codes	863 Payroll Clearing	865 Student Activity	Total Agency Funds (See Exhibit E-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ (701)	\$ 149,175	\$ 148,474
1000 <i>Total Assets</i>	(701)	149,175	148,474
LIABILITIES:			
Current Liabilities:			
2150 <i>Payroll Deduction & Withholdings</i>	\$ (701)	\$ --	\$ (701)
2190 <i>Due to Student Groups</i>	--	149,175	149,175
2000 <i>Total Liabilities</i>	(701)	149,175	148,474
NET POSITION:			
3000 <i>Total Net Position</i>	\$ --	\$ --	\$ --



Other Supplementary Information

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

WHARTON INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2020*

Year Ended August 31	1		2	3
	Tax Rates		Assessed/Appraised Value For School Tax Purposes	
	Maintenance	Debt Service		
2011 and Prior Years	\$ Various	\$ Various	\$ Various	
2012	1.0401	0.2003	849,208,543	
2013	1.0401	0.1859	918,098,031	
2014	1.0401	0.1748	958,224,134	
2015	1.0401	0.1570	1,003,410,826	
2016	1.0401	0.1570	912,298,722	
2017	1.1700	0.0270	988,205,514	
2018	1.1700	0.0270	1,146,091,562	
2019	1.0900	0.1070	1,353,600,167	
'2020 (School Year Under Audit)	1.0165	0.2807	1,292,121,884	

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10	20	31	32	40	50
Beginning Balance 09/01/2019	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 08/31/2020
\$ 195,071	\$ --	\$ 769	\$ 262	\$ (16,641)	\$ 177,399
19,060	--	246	239	(35)	18,540
25,807	--	134	232	(34)	25,406
31,914	--	3,390	395	(29)	28,100
44,778	--	4,904	619	(28)	39,227
45,940	--	8,287	978	(28)	36,647
70,348	--	16,706	385	341	53,598
108,259	--	31,960	727	816	76,388
315,425	--	79,296	10,300	(6,214)	219,615
--	17,524,443	13,444,618	3,712,646	(87,397)	279,780
\$ <u>856,602</u>	\$ <u>17,524,443</u>	\$ <u>13,590,310</u>	\$ <u>3,726,783</u>	\$ <u>(109,249)</u>	\$ <u>954,702</u>

WHARTON INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 54,282	\$ 98,854	\$ 44,572
5800	State Program Revenues	42,857	44,351	1,494
5900	Federal Program Revenues	1,093,519	969,009	(124,510)
5020	Total Revenues	<u>1,190,658</u>	<u>1,112,214</u>	<u>(78,444)</u>
EXPENDITURES:				
Current:				
Support Services - Student (Pupil):				
0035	Food Services	<u>1,221,658</u>	<u>1,173,271</u>	<u>48,387</u>
	Total Support Services - Student (Pupil)	<u>1,221,658</u>	<u>1,173,271</u>	<u>48,387</u>
6030	Total Expenditures	<u>1,221,658</u>	<u>1,173,271</u>	<u>48,387</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(31,000)</u>	<u>(61,057)</u>	<u>(30,057)</u>
1200	Net Change in Fund Balance	<u>(18,000)</u>	<u>(74,057)</u>	<u>(56,057)</u>
0100	Fund Balance - Beginning	169,507	169,507	--
3000	Fund Balance - Ending	<u>\$ 151,507</u>	<u>\$ 95,450</u>	<u>\$ (56,057)</u>

WHARTON INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

FUND 511

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 3,626,986	\$ 3,759,887	\$ 132,901
5800	State Program Revenues	--	26,710	26,710
5020	Total Revenues	<u>3,626,986</u>	<u>3,786,597</u>	<u>159,611</u>
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	1,385,000	1,385,000	--
0072	Interest on Long-Term Debt	<u>2,202,441</u>	<u>2,118,347</u>	<u>84,094</u>
	Total Debt Service	<u>3,587,441</u>	<u>3,503,347</u>	<u>84,094</u>
6030	Total Expenditures	<u>3,587,441</u>	<u>3,503,347</u>	<u>84,094</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>39,545</u>	<u>283,250</u>	<u>243,705</u>
1200	Net Change in Fund Balance	<u>39,545</u>	<u>283,250</u>	<u>243,705</u>
0100	Fund Balance - Beginning	<u>241,495</u>	<u>241,495</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 281,040</u>	<u>\$ 524,745</u>	<u>\$ 243,705</u>



Harry Afadapa & Associates, PC

Certified Public Accountants

11104 W. Airport Blvd., Suite 117

Stafford, Texas 77477

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Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Board of Trustees
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

Members of the Board of Trustees:

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 Wharton Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Wharton Independent School District's basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wharton 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 Wharton Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wharton Independent School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Harry Afadapa
& Associates, PC

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Associates, PC
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Date: 2021.01.27 13:08:57 -06'00'

Harry Afadapa & Associates, PC

Stafford, Texas
November 30, 2020

Harry Afadapa & Associates, PC

Certified Public Accountants

11104 W. Airport Blvd., Suite 117

Stafford, Texas 77477

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

**Harry Afadapa &
Associates, PC**

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Associates, PC
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PC, o=Harry Afadapa & Associates, PC,
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Date: 2021.01.27 13:09:38 -06'00'

Harry Afadapa & Associates, PC

Stafford, Texas
November 30, 2020

WHARTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: August 2019

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/ 84.173	Special Education Cluster
84.010	Title 1 Program
10.553/10.555	School Breakfast/ National Lunch Programs

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings
NONE

C. Federal Award Findings and Questioned Costs
NONE

WHARTON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<i>None - Initial year</i>		

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-Part B, Discretionary	84.027	20660001241904	\$ -- \$ --
IDEA-Part B, Discretionary	84.027	20660001241904	-- 82,297
SSA IDEA - Part B, Formula	84.027	20660001241904	-- --
SSA IDEA - Part B, Formula	84.027	20660001241904	-- 80,484
SSA IDEA - Part B, Formula	84.027	20660001241904	279,277 594,734
Total CFDA Number 84.027			279,277 757,515
SSA IDEA - Part B, Preschool	84.173	20660001241904	-- --
SSA IDEA - Part B, Preschool	84.173	20660001241904	-- 1,907
SSA IDEA - Part B, Preschool	84.173	20660001241904	7,592 16,448
Total CFDA Number 84.173			7,592 18,355
Total Passed Through State Department of Education			286,869 775,870
Total U. S. Department of Education			286,869 775,870
Total Special Education (IDEA) Cluster			286,869 775,870
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Direct Programs:			
Federally Funded Special Revenue Funds	84.424a	18510701241904	-- --
Federally Funded Special Revenue Funds	84.424a	18510701241904	-- 6,210
Total Direct Programs			-- 6,210
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010a	20610101241904	-- --
ESEA Title I Part A - Improving Basic Programs	84.010a	20610101241904	-- 48,240
ESEA Title I Part A - Improving Basic Programs	84.010a	20610101241904	-- 492,599
Total CFDA Number 84.010a			-- 540,839
Career and Technical Education - Basic Grant	84.048	20420006241904	-- --
Career and Technical Education - Basic Grant	84.048	20420006241904	-- 28,146
Total CFDA Number 84.048			-- 28,146
ESEA, Title VI, Part B, Subpart 2-Rural and Low Income School Grar	84.358a	20696001241904	-- --
ESEA, Title VI, Part B, Subpart 2-Rural and Low Income School Grar	84.358a	20696001241904	-- 38,470
Total CFDA Number 84.358a			-- 38,470
Title III, Part A-English Language Acquisition and Language Enhance	84.365a	20696001241904	-- --
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367a	20694501241904	-- --
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367a	20694501241904	-- 57,604
Total CFDA Number 84.367a			-- 57,604
Total Passed Through State Department of Education			-- 671,269
Total U. S. Department of Education			286,869 1,447,139
U. S. Department of Agriculture			
Passed Through Texas Department of Agriculture:			
Passed Through State Department of Education-Texas Education			
Agency: Child Nutrition Cluster -			
School Breakfast Program*	10.553	714,020	-- 237,684
National School Lunch Program*	10.555	713,020	-- 731,325
Summer Food Service Program*		523020/524020	-- 62,712
Total U.S. Department of Agriculture			-- 1,031,721
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 286,869 \$ 2,478,860
Reconciliation of Federal Expenditures:			
Federal Expenditure per SEFA (above)			2,478,860
Add:			
School Health and Related Services (SHARS) Revenue- Not considered Federal Financial Assistance.			334,324
Total Federal Revenue per Statement of Revenue, Expenditures, And Changes in Fund Balance [Exhibit C-2]			2,813,184

* Indicates clustered programs under OMB Uniform Guidance (2.CFR.200)

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2020

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Wharton Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

WHARTON INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2020*

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ --