

HOLLAND INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
AUGUST 31, 2020



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

HOLLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2020

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CERTIFICATE OF BOARD

Holland Independent School District
Name of School District

Bell
County

014-905
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 13th day of January, 2021.

Cynthia Hernandez
Signature of Board Secretary

Gier Marnitz
Signature of Board President

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Holland Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Independent School 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment liabilities related schedules following the notes to the financial statements 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 Holland Independent School District's basic financial statements. The combining statements of individual nonmajor funds and the Texas Education Agency required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020 on our consideration of Holland 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holland Independent School District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC
Cedar Park, Texas

November 20, 2020

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HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Holland Independent School District (the “District”) discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2020. Please read this information in conjunction with the District’s basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position for governmental activities decreased by \$573,208 as a result of this year’s current operations, to end at \$704,841.
- Total governmental funds of the District (the General Fund, the Debt Service Fund, the Capital Projects Funds and all Special Revenue Funds) reported an overall fund balance decrease of \$541,867, to end at \$2,794,312.
- The General Fund of the District reported a fund balance decrease of \$583,224 for the year, to end at \$1,618,840.
- The District’s new proprietary fund, the Daycare Program, reported an ending Net Position of \$66 as a result of this year’s operations.

OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor’s report, management’s discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor’s Report

State law requires the District’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted 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. The District received an *Unmodified* opinion on its financial statements this year.

Management’s Discussion and Analysis

The Management’s Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

Required Supplementary Information

The previously discussed Management’s Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District’s nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District’s child nutrition and debt service functions.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Report on Compliance and Internal Control for Each Major Program

Because the District expended more than \$750,000 in federal grant awards, an additional independent auditor’s report on compliance and internal control over the District’s major federal grant programs was required. This report provides an opinion by the independent audit firm that the District complied, in all material respects, with the requirements applicable to the federal grants received and expended.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) provides a detailed listing of the federal grant awards received by the District during the year. This listing includes federal grant names, identification numbers, and amounts expended.

HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists information related to the audit of the District's major federal programs and lists any audit findings reported by the audit firm for the year.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

Reporting the District’s Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities and business-type activities.

Net position of the District's governmental activities decreased from \$1,278,049 to \$708,841. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$2,955,454) at August 31, 2020. The decrease in governmental net position was primarily due to a large increase in the changes in the Deferred Inflow items associated with the District's pension and other post-employment benefit programs such as differences between expected and actual economic experience, differences between projected and actual investment earnings, and changes in actuarial assumptions.

**TABLE I
HOLLAND INDEPENDENT SCHOOL DISTRICT
NET POSITION**

	Governmental Activities 2020	Governmental Activities 2019	Change	Business- Type Activities 2020	Business- Type Activities 2019	Change
Current & Other Assets	\$ 3,890,438	\$ 4,211,469	\$ (321,031)	\$ 8,472	\$ -	\$ 8,472
Capital Assets	11,666,655	11,703,505	(36,850)	-	-	-
Total Assets	15,557,093	15,914,974	(357,881)	8,472	-	8,472
Deferred Outflows of Resources	2,207,994	2,525,468	(317,474)	-	-	-
Current Liabilities	1,032,610	819,825	212,785	8,406	-	8,406
Long-Term Liabilities	13,881,443	15,056,357	(1,174,914)	-	-	-
Total Liabilities	14,914,053	15,876,182	(962,129)	8,406	-	8,406
Deferred Inflows of Resources	2,146,193	1,286,211	859,982	-	-	-
Net Position:						
Net Investment in Capital Assets	2,534,952	2,241,194	293,758	-	-	-
Restricted	1,125,343	1,055,264	70,079	-	-	-
Unrestricted	(2,955,454)	(2,018,409)	(937,045)	66	-	66
Total Net Position	\$ 704,841	\$ 1,278,049	\$ (573,208)	\$ 66	\$ -	\$ 66

HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

TABLE II
HOLLAND INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2020	Governmental Activities 2019	Change	Business- Type Activities 2020	Business- Type Activities 2019	Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 486,317	\$ 837,603	\$ (351,286)	\$ 33,118	\$ -	\$ 33,118
Operating Grants and Contributions	3,024,127	2,796,627	227,500	-	-	-
General Revenues:						
Maintenance and Operations Taxes	1,276,525	1,266,735	9,790	-	-	-
Debt Service Taxes	499,315	427,369	71,946	-	-	-
State Aid - Formula Grants	4,981,984	4,689,304	292,680	-	-	-
Grants and Contributions not Restricted	39,119	-	39,119	7,345	-	7,345
Investment Earnings	69,790	111,107	(41,317)	-	-	-
Miscellaneous	948,144	682,132	266,012	-	-	-
Total Revenue	11,325,321	10,810,877	514,444	40,463	-	40,463
Expenses:						
Instruction	5,541,133	4,619,124	922,009	-	-	-
Instructional Resources & Media Services	70,376	70,122	254	-	-	-
Curriculum & Instructional Staff Development	16,141	22,815	(6,674)	-	-	-
Instructional Leadership	228,730	228,028	702	-	-	-
School Leadership	645,801	591,141	54,660	-	-	-
Guidance, Counseling, & Evaluation Services	962,777	814,328	148,449	-	-	-
Health Services	112,452	100,954	11,498	-	-	-
Student Transportation	224,826	271,294	(46,468)	-	-	-
Food Services	343,547	359,639	(16,092)	-	-	-
Extracurricular Activities	664,278	730,079	(65,801)	-	-	-
General Administration	521,796	408,923	112,873	-	-	-
Facilities Maintenance and Operations	898,769	808,235	90,534	-	-	-
Security and Monitoring Services	11,731	4,456	7,275	-	-	-
Data Processing Services	170,416	185,698	(15,282)	-	-	-
Community Services	24,300	116,283	(91,983)	-	-	-
Debt Service	321,160	348,034	(26,874)	-	-	-
Payments to Member Districts of SSA	1,076,233	1,209,355	(133,122)	-	-	-
Business-Type Activities	-	-	-	104,460	-	104,460
Total Expenses	11,834,466	10,888,508	945,958	104,460	-	104,460
Transfers In/(Out)	(64,063)	-	(64,063)	64,063	-	64,063
Change in Net Position	(573,208)	(77,631)	(495,577)	66	-	66
Net Position at 9/1/19 and 9/1/18	1,278,049	1,355,680	(77,631)	-	-	-
Net Position at 8/31/20 and 8/31/19	\$ 704,841	\$ 1,278,049	\$ (573,208)	\$ 66	\$ -	\$ 66

HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$1,618,840, which is \$583,224 less than last year's total of \$2,202,064. This decrease in fund balance is mainly attributable to less than originally expected state and federal revenues.

The District's SSA, IDEA Part B, Formula Grant Fund reported an ending fund balance of \$0. It is a Federal Grant Fund and should not generate fund balance. The purpose of the IDEA Part B, Formula Grant Fund is to provide special education and related services to children with disabilities. The District is the fiscal agent for the Bell County Co-Op, through which, this program is administered.

The District's SSA, Special Education Grant Fund reported an ending fund balance of \$727,016, which is \$138,046 more than last year's total of \$588,970. This fund is also part of the Bell County Co-Op for which the District is the fiscal agent. This fund is used to record the Local and State Program Revenues that support the Co-Op.

The District's other governmental funds reported combined ending fund balances of \$448,456. This combined balance is \$96,689 less than the previous year. The primary reason for this change in the combined fund balance was an expected large decrease in the Capital Projects Fund balance as the District completed the associated projects during the year.

During the year, the District established a new proprietary fund, the Daycare Program. The purpose of this fund is to provide daycare services during the school year for non-school age children. The Daycare Program reported an ending net position of \$66.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. The budget amendment made to Community Services in the General Fund was considered significant. The amendment was made as a result of the District's external auditors suggesting the District establish a new proprietary fund to record the activities of the Daycare Program.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2020, the District had \$11,666,655 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2020 and 2019 is as follows:

	Governmental Activities 2020	Governmental Activities 2019	Change
Land	\$ 240,300	\$ 240,300	\$ -
Construction in Progress	-	4,722,517	(4,722,517)
Buildings	16,201,207	11,271,859	4,929,348
Furniture and Equipment	1,201,213	962,056	239,157
Total	17,642,720	17,196,732	445,988
Less Accumulated Depreciation	(5,976,065)	(5,493,227)	(482,838)
Capital Assets, Net of Depreciation	\$ 11,666,655	\$ 11,703,505	\$ (36,850)

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HOLLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

Debt

At year-end, the District had \$9,131,703 in bonds and other long-term debt outstanding versus \$9,462,311 last year. This decrease is attributable to the District making scheduled payments on its long-term debt during the year.

A summary of the ending balances of long-term debt by type for both 2020 and 2019 is as follows:

	Governmental Activities 2020	Governmental Activities 2019	Change
General Obligation Bonds	\$ 9,048,470	\$ 9,443,213	\$ (394,743)
Capital Leases Payable	83,233	19,098	64,135
Total	<u>\$ 9,131,703</u>	<u>\$ 9,462,311</u>	<u>\$ (330,608)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2020-2021 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of approximately \$7.6 million for the 2020-2021 fiscal year. This reflects an approximate decrease of \$100,000 in budgeted expenditures from fiscal year 2019-2020 to fiscal year 2020-2021.

For the 2020-2021 budget year, the District has decreased its maintenance and operations tax rate to \$.8841 per hundred of taxable value. The District adopted a debt service tax rate of \$.32 for the 2020-2021 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2020-2021 budget year is \$1.2041 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Holland Independent School District, PO Box 217, Holland, Texas 76534, or by calling (254) 657-0175.

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BASIC FINANCIAL STATEMENTS

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

Data Control Codes	Primary Government		
	1 Governmental Activities	2 Business-Type Activities	3 Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 2,870,004	\$ 8,472	\$ 2,878,476
1225 Property Taxes Receivable, net	57,032	-	57,032
1240 Due from Other Governments	957,722	-	957,722
1300 Inventories	5,680	-	5,680
Capital Assets:			
1510 Land	240,300	-	240,300
1520 Buildings and Improvements, net	10,997,708	-	10,997,708
1530 Furniture and Equipment, net	428,647	-	428,647
1000 Total Assets	15,557,093	8,472	15,565,565
DEFERRED OUTFLOWS OF RESOURCES			
1700 Deferred Outflows-Bond Refundings	390,473	-	390,473
1705 Deferred Outflows-Pension	1,163,839	-	1,163,839
1706 Deferred Outflows-OPEB	653,682	-	653,682
Total Deferred Outflows of Resources	2,207,994	-	2,207,994
LIABILITIES			
2110 Accounts Payable	87,097	1,251	88,348
2140 Interest Payable	14,640	-	14,640
2150 Payroll Deductions & Withholdings	2,124	-	2,124
2160 Accrued Wages Payable	379,616	7,006	386,622
2180 Due to Other Governments	419,536	-	419,536
2200 Accrued Expenses	23,438	149	23,587
2300 Unearned Revenue	106,159	-	106,159
Noncurrent Liabilities:			
2501 Due Within One Year	384,528	-	384,528
2502 Due in More Than One Year	8,747,175	-	8,747,175
2540 Net Pension Liability	1,982,657	-	1,982,657
2545 Other Post-Employment Benefits Liability	2,767,083	-	2,767,083
2000 Total Liabilities	14,914,053	8,406	14,922,459
DEFERRED INFLOWS OF RESOURCES			
2605 Deferred Inflows-Pension	541,471	-	541,471
2606 Deferred Inflows-OPEB	1,604,722	-	1,604,722
Total Deferred Inflows of Resources	2,146,193	-	2,146,193
NET POSITION			
3200 Net Investment in Capital Assets	2,534,952	-	2,534,952
Restricted for:			
3820 Federal & State Programs	752,031	-	752,031
3850 Debt Service	365,738	-	365,738
3860 Capital Projects	7,574	-	7,574
3900 Unrestricted	(2,955,454)	66	(2,955,388)
3000 Total Net Position	\$ 704,841	\$ 66	\$ 704,907

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

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 5,541,133	\$ 360,000	\$ 1,006,835
12 Instructional Resources and Media Services	70,376	-	-
13 Curriculum and Instructional Staff Development	16,141	-	2,264
21 Instructional Leadership	228,730	-	146,042
23 School Leadership	645,801	-	55,887
31 Guidance, Counseling, and Evaluation Services	962,777	-	561,324
33 Health Services	112,452	-	10,199
34 Student Transportation	224,826	-	9,902
35 Food Services	343,547	63,433	270,658
36 Extracurricular Activities	664,278	48,088	16,491
41 General Administration	521,796	14,796	27,606
51 Facilities Maintenance and Operations	898,769	-	62,859
52 Security and Monitoring Services	11,731	-	-
53 Data Processing Services	170,416	-	16,687
61 Community Services	24,300	-	12,561
72 Debt Service - Interest	319,810	-	269,268
73 Debt Service - Issuance Costs and Fees	1,350	-	-
93 Payments to Member Districts of SSA	1,076,233	-	555,544
TG Total Governmental Activities:	11,834,466	486,317	3,024,127
BUSINESS-TYPE ACTIVITIES:			
01 Enterprise Fund - Daycare Program	104,460	33,118	-
TB Total Business-Type Activities:	104,460	33,118	-
TP TOTAL PRIMARY GOVERNMENT:	\$ 11,938,926	\$ 519,435	\$ 3,024,127

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions, not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
	Total General Revenues

FR	Transfers In/(Out)
TR	Total General Revenues and Transfers

CN	Change in Net Position
NB	Net Position -- Beginning
NE	Net Position -- Ending

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

Net (Expense)		
Rev. & Changes		
in Net Position		
6	7	8
Primary Gov.		
Governmental	Business-Type	
Activities	Activities	Total
\$ (4,174,298)	\$ -	\$ (4,174,298)
(70,376)	-	(70,376)
(13,877)	-	(13,877)
(82,688)	-	(82,688)
(589,914)	-	(589,914)
(401,453)	-	(401,453)
(102,253)	-	(102,253)
(214,924)	-	(214,924)
(9,456)	-	(9,456)
(599,699)	-	(599,699)
(479,394)	-	(479,394)
(835,910)	-	(835,910)
(11,731)	-	(11,731)
(153,729)	-	(153,729)
(11,739)	-	(11,739)
(50,542)	-	(50,542)
(1,350)	-	(1,350)
(520,689)	-	(520,689)
(8,324,022)	-	(8,324,022)
-	(71,342)	(71,342)
-	(71,342)	(71,342)
(8,324,022)	(71,342)	(8,395,364)
1,276,525	-	1,276,525
499,315	-	499,315
4,981,984	-	4,981,984
39,119	7,345	46,464
69,790	-	69,790
948,144	-	948,144
7,814,877	7,345	7,822,222
(64,063)	64,063	-
7,750,814	71,408	7,822,222
(573,208)	66	(573,142)
1,278,049	-	1,278,049
\$ 704,841	\$ 66	\$ 704,907

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

Data Control Codes	10 General Fund	30 SSA, IDEA-Part B, Formula	40 SSA, Special Education	Other Funds	98 Total Governmental Funds
ASSETS					
1110 Cash and Cash Equivalents	\$ 2,337,897	\$ -	\$ -	\$ 526,136	\$ 2,864,033
1220 Property Taxes - Delinquent	62,566	-	-	18,911	81,477
1230 Allowance for Uncollectible Taxes (Credit)	(18,772)	-	-	(5,673)	(24,445)
1240 Due from Other Governments	-	900,294	-	57,428	957,722
1260 Due from Other Funds	338,038	-	768,840	110,755	1,217,633
1310 Inventories	5,680	-	-	-	5,680
1000A Total Assets	<u>\$ 2,725,409</u>	<u>\$ 900,294</u>	<u>\$ 768,840</u>	<u>\$ 707,557</u>	<u>\$ 5,102,100</u>
LIABILITIES					
2110 Accounts Payable	\$ 75,622	\$ -	\$ 185	\$ 11,290	\$ 87,097
2150 Payroll Ded. and Withholdings Payable	-	2,124	-	-	2,124
2160 Accrued Wages Payable	302,178	17,094	38,801	21,543	379,616
2170 Due to Other Funds	287,013	879,209	2,009	75,250	1,243,481
2177 Due to Fiduciary Funds	2,475	-	-	-	2,475
2180 Due to Other Governments	389,218	-	-	30,318	419,536
2200 Accrued Expenditures	6,269	1,867	829	1,303	10,268
2300 Unearned Revenues	-	-	-	106,159	106,159
2000 Total Liabilities	<u>1,062,775</u>	<u>900,294</u>	<u>41,824</u>	<u>245,863</u>	<u>2,250,756</u>
DEFERRED INFLOWS OF RESOURCES					
2600 Deferred Inflows-Unavailable Revenues	43,794	-	-	13,238	57,032
Total Deferred Inflows of Resources	<u>43,794</u>	<u>-</u>	<u>-</u>	<u>13,238</u>	<u>57,032</u>
FUND BALANCES					
Nonspendable:					
3410 Inventories	5,680	-	-	-	5,680
Restricted for:					
3450 Federal or State Funds Restricted	-	-	727,016	25,015	752,031
3470 Capital Acq. and Contractual Oblig.	-	-	-	7,574	7,574
3480 Retirement of Long-Term Debt	-	-	-	352,500	352,500
Committed for:					
3510 Construction	18,562	-	-	-	18,562
3545 Other Committed Fund Balance	-	-	-	63,367	63,367
3600 Unassigned Fund Balance	1,594,598	-	-	-	1,594,598
3000 Total Fund Balances	<u>1,618,840</u>	<u>-</u>	<u>727,016</u>	<u>448,456</u>	<u>2,794,312</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,725,409</u>	<u>\$ 900,294</u>	<u>\$ 768,840</u>	<u>\$ 707,557</u>	<u>\$ 5,102,100</u>

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

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

			1
	Total Fund Balances - Governmental Funds	\$	2,794,312
1	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
	Governmental capital assets	\$ 17,642,720	
	Less accumulated depreciation	<u>(5,976,065)</u>	11,666,655
2	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds payable	(9,048,470)	
	Deferred charges on refunding	390,473	
	Capital leases payable	(83,233)	
	Net pension liability	(1,982,657)	
	Net OPEB liability	<u>(2,767,083)</u>	(13,490,970)
3	Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.		
			(14,640)
4	Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
	Deferred outflows of resources related to pensions	1,163,839	
	Deferred inflows of resources related to pensions	(541,471)	
	Deferred outflows of resources related to OPEB	653,682	
	Deferred inflows of resources related to OPEB	<u>(1,604,722)</u>	(328,672)
5	Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.		
			57,032
6	The District uses an Internal Service Fund to charge the costs of certain activities, such as the provision of workers compensation insurance, to other individual funds. Even though the Internal Service Fund is a proprietary fund, the assets and liabilities of this fund are added to the Statement of Net Position for governmental activities.		
			21,124
19	Net Position of Governmental Activities	<u>\$</u>	<u>704,841</u>

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

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

Data	10	30	40		98
Control	General	SSA, IDEA-Part B,	SSA, Special	Other	Total
Codes	Fund	Formula	Education	Funds	Governmental Funds
REVENUES					
5700 Local and Intermediate Sources	\$ 1,462,140	\$ -	\$ 1,040,453	\$ 755,594	\$ 3,258,187
5800 State Program Revenues	5,378,389	-	41,917	703,380	6,123,686
5900 Federal Program Revenues	-	1,188,747	-	433,661	1,622,408
5020 Total Revenues	6,840,529	1,188,747	1,082,370	1,892,635	11,004,281
EXPENDITURES					
0011 Instruction	4,063,766	335,126	203,258	333,361	4,935,511
0012 Instructional Resources and Media Services	67,341	-	-	-	67,341
0013 Curriculum & Instructional Staff Development	11,960	-	354	3,131	15,445
0021 Instructional Leadership	7,786	-	191,489	5,274	204,549
0023 School Leadership	574,030	-	-	-	574,030
0031 Guidance, Counseling, & Evaluation Services	99,595	8,333	496,686	256,637	861,251
0033 Health Services	100,349	-	-	-	100,349
0034 Student Transportation	378,159	-	1,332	-	379,491
0035 Food Services	-	-	-	358,224	358,224
0036 Extracurricular Activities	402,745	-	1,227	216,683	620,655
0041 General Administration	462,408	-	2,435	-	464,843
0051 Facilities Maintenance and Operations	836,901	-	37,543	-	874,444
0052 Security and Monitoring Services	11,225	-	-	-	11,225
0053 Data Processing Services	148,563	-	-	4,671	153,234
0061 Community Services	15,125	-	-	-	15,125
0071 Debt Service - Principal	39,977	-	-	345,000	384,977
0072 Debt Service - Interest	2,634	-	-	342,300	344,934
0073 Debt Service - Bond Issuance Costs	-	-	-	1,350	1,350
0081 Facilities Acquisition and Construction	-	-	-	142,986	142,986
0093 Payments to Member Districts of SSA	220,945	845,288	10,000	-	1,076,233
6030 Total Expenditures	7,443,509	1,188,747	944,324	2,009,617	11,586,197
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(602,980)	-	138,046	(116,982)	(581,916)
OTHER FINANCING SOURCES (USES)					
7913 Capital Leases	104,112	-	-	-	104,112
7915 Transfers In	-	-	-	20,293	20,293
8911 Transfers Out	(84,356)	-	-	-	(84,356)
7080 Total Other Financing Sources (Uses)	19,756	-	-	20,293	40,049
1200 Net Change in Fund Balance	(583,224)	-	138,046	(96,689)	(541,867)
0100 Fund Balance - Beginning	2,202,064	-	588,970	545,145	3,336,179
3000 Fund Balance - Ending	\$ 1,618,840	\$ -	\$ 727,016	\$ 448,456	\$ 2,794,312

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

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

Total Net Change in Fund Balances – Governmental Funds		\$ (541,867)
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	
	Expenditures for capitalized assets	\$ 445,988
	Less current year depreciation	(482,838)
		(36,850)
2	Repayment of principal on bonds, notes, and capital leases is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and the repayments instead reduce long-term liabilities on the Statement of Net Position.	384,977
3	Issuance of a capital lease increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.	(104,112)
4	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.	24,551
5	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.	573
6	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.	4,751
7	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.	(287,640)
8	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.	(20,318)
9	The District uses an Internal Service Fund to charge the costs of certain activities, such as the provision of workers compensation insurance, to other individual funds. Even though the Internal Service Fund is a proprietary fund, this fund is consolidated with the governmental activities column on the Statement of Activities.	2,727
19	Change in Net Position of Governmental Activities	<u>\$ (573,208)</u>

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

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HOLLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
REVENUES				
5700 Local & Intermediate Sources	\$ 1,384,104	\$ 1,450,504	\$ 1,462,140	\$ 11,636
5800 State Program Revenues	6,150,508	6,143,344	5,378,389	(764,955)
5900 Federal Program Revenues	400,800	-	-	-
5020 Total Revenues	<u>7,935,412</u>	<u>7,593,848</u>	<u>6,840,529</u>	<u>(753,319)</u>
EXPENDITURES				
Current:				
0011 Instruction	4,189,738	4,132,738	4,063,766	68,972
0012 Instructional Resources and Media Services	66,779	68,779	67,341	1,438
0013 Curriculum and Instructional Staff Development	10,735	13,735	11,960	1,775
0021 Instructional Leadership	10,000	10,000	7,786	2,214
0023 School Leadership	564,334	574,334	574,030	304
0031 Guidance, Counseling, and Evaluation Services	104,026	104,026	99,595	4,431
0033 Health Services	102,282	106,282	100,349	5,933
0034 Student Transportation	425,270	402,270	378,159	24,111
0036 Extracurricular Activities	444,760	444,760	402,745	42,015
0041 General Administration	434,818	459,818	462,408	(2,590)
0051 Facilities Maintenance and Operations	865,575	862,575	836,901	25,674
0052 Security and Monitoring Services	8,500	11,500	11,225	275
0053 Data Processing Services	136,470	149,470	148,563	907
0061 Community Services	126,280	24,201	15,125	9,076
Debt Service:				
0071 Principal on Long Term Debt	40,085	40,085	39,977	108
0072 Interest on Long Term Debt	5,560	5,560	2,634	2,926
Intergovernmental:				
0093 Payments to Member Districts of SSA	198,400	221,400	220,945	455
0095 Payments to Non-Public Schools	1,000	1,000	-	1,000
6030 Total Expenditures	<u>7,734,612</u>	<u>7,632,533</u>	<u>7,443,509</u>	<u>189,024</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>200,800</u>	<u>(38,685)</u>	<u>(602,980)</u>	<u>(564,295)</u>
OTHER FINANCING SOURCES (USES)				
7913 Capital Leases	104,000	104,000	104,112	112
8911 Transfers Out	-	(84,356)	(84,356)	-
7080 Total Other Financing Sources (Uses)	<u>104,000</u>	<u>19,644</u>	<u>19,756</u>	<u>112</u>
1200 Net Change in Fund Balances	304,800	(19,041)	(583,224)	(564,183)
0100 Fund Balance-September 1 (Beginning)	2,202,064	2,202,064	2,202,064	-
3000 Fund Balance-August 31 (Ending)	<u>\$ 2,506,864</u>	<u>\$ 2,183,023</u>	<u>\$ 1,618,840</u>	<u>\$ (564,183)</u>

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

HOLLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2020

Data		Business-Type	Governmental	Total
		Activities	Activities	
Control		Daycare	Internal	Funds
Codes		Program	Service Fund	
ASSETS				
1110	Cash and Cash Equivalents	\$ 8,472	\$ 5,971	\$ 14,443
1260	Due from Other Funds	-	28,323	28,323
1000	Total Assets	8,472	\$ 34,294	42,766
LIABILITIES				
Current Liabilities:				
2110	Accounts Payable	1,251	-	1,251
2160	Accrued Wages Payable	7,006	-	7,006
2200	Accrued Expenditures	149	13,170	13,319
2000	Total Liabilities	8,406	13,170	21,576
NET POSITION				
3900	Unrestricted Net Position	66	21,124	21,190
3000	Total Net Position	\$ 66	\$ 21,124	\$ 21,190

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

HOLLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		Business-Type	Governmental	Total Proprietary Funds
		Activities	Activities	
		Daycare Program	Internal Service Fund	
OPERATING REVENUES				
5700	Local and Intermediate Sources	\$ 33,118	\$ 17,153	\$ 50,271
5800	State Program Revenues	7,345	-	7,345
5020	Total Revenues	40,463	\$ 17,153	57,616
OPERATING EXPENSES				
6100	Payroll Costs	99,310	-	99,310
6300	Supplies and Materials	4,979	-	4,979
6400	Other Operating Costs	171	14,426	14,597
6030	Total Expenses	104,460	14,426	118,886
	Income (Loss) before Contributions and Transfers	(63,997)	2,727	(61,270)
7915	Transfers In	64,063	-	64,063
1300	Change in Net Position	66	2,727	2,793
0100	Total Net Position - Beginning	-	18,397	18,397
3300	Total Net Position - Ending	\$ 66	\$ 21,124	\$ 21,190

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

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HOLLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Business-Type	Governmental	Total
	Activities	Activities	
	Daycare Program	Internal Service Fund	Proprietary Funds
<u>Cash Flows from Operating Activities</u>			
Cash Received from User Charges	\$ 33,118	\$ 17,153	\$ 50,271
Cash Payments to Employees for Services	(84,959)	-	(84,959)
Cash Payments to Suppliers	(3,728)	(14,426)	(18,154)
Cash Payments for Other Operating Activities	(22)	(16,963)	(16,985)
Net Cash Provided by (Used for) Operating Activities	<u>(55,591)</u>	<u>(14,236)</u>	<u>(69,827)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>			
Transfers from Other Funds	<u>64,063</u>	<u>-</u>	<u>64,063</u>
Net Cash provided by (Used for) Non-Capital Financing Activities	<u>64,063</u>	<u>-</u>	<u>64,063</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,472	(14,236)	(5,764)
Cash and Cash Equivalents at Beginning of the Year	<u>-</u>	<u>20,207</u>	<u>20,207</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 8,472</u>	<u>\$ 5,971</u>	<u>\$ 14,443</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities</u>			
Operating Income (Loss):	\$ (63,997)	\$ 2,727	\$ (61,270)
Effect of Increases and Decreases in Current Assets and Liabilities:			
(Increase) decrease in Due From Other Funds	-	(16,963)	(16,963)
Increase (decrease) in Accounts Payable	1,251	-	1,251
Increase (decrease) in Wages Payable	7,006	-	7,006
Increase (decrease) in Accrued Expenses	149	-	149
Net Cash Provided by (Used for) Operating Activities	<u>\$ (55,591)</u>	<u>\$ (14,236)</u>	<u>\$ (69,827)</u>

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

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

Data Control Codes		Private- Purpose Trust Funds	Agency Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ 156,898	\$ 117,680
1000	Total Assets	<u>156,898</u>	<u>117,680</u>
LIABILITIES			
Current Liabilities:			
2190	Due to Student Groups	-	117,680
2000	Total Liabilities	<u>-</u>	<u>\$ 117,680</u>
NET POSITION			
Restricted for:			
3800	Individuals and Organizations	<u>156,898</u>	
3000	Total Net Position	<u>\$ 156,898</u>	

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

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

Data Control Codes	Private- Purpose Trust Funds
ADDITIONS	
Contributions:	
5744 Foundations, Gifts, and Bequests	\$ 34,184
5700 Other Contributions	18,070
5020 Total Contributions	<u>52,254</u>
Investment Earnings:	
5742 Interest, Dividends, and Other	<u>3,049</u>
Total Additions	<u>55,303</u>
DEDUCTIONS	
6400 Other Operating Costs	<u>77,276</u>
6030 Total Deductions	<u>77,276</u>
1200 Net Increase/(Decrease) in Fiduciary Net Position	(21,973)
0100 Net Position - Beginning	<u>178,871</u>
3000 Net Position - Ending	<u><u>\$ 156,898</u></u>

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

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HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions related to Holland Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Agency funds have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds and Fund Types

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

Shared Service Arrangement – IDEA-Part B, Formula Fund, a major special revenue fund, is used to account for the receipt and disbursements of funds restricted for the purpose of this federal program.

Shared Service Arrangement – Special Education, Formula Fund, a major special revenue fund, is used to account for the receipt and disbursements of state and local funds restricted for the purpose of the Bell County Co-Op.

Additionally, the District reports the following fund types:

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

The Capital Projects Fund is used to account for the construction, improvement and renovation of school buildings in the District along with the acquisition of land and equipment. This fund is budgeted on a project basis rather than annually.

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

Enterprise Funds are proprietary funds used to account for operations of the District whereby individuals or others are charged a fee for a specific benefit or service and there is a desire to measure a specific gain or loss on the activity.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Internal Service Funds are proprietary funds used to account for activities such as workers' compensation self-insurance, self-funded health insurance, and employee health savings accounts. The District utilizes an Internal Service Fund to account for its participation in a workers' compensation shared risk pool.

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

Agency Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

Budgetary Information

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

The District reported expenditures in excess of appropriations in Function 41 General Administration of the General Fund in the amount of \$2,590. This was the result of legal services incurred during June 2020, but not billed until September 2020, after the District had approved its final amended budget.

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

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled “nonspendable” which indicates that the prepaid item amount does not represent “available expendable resources.”

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

Accumulated Sick Leave Liability - The State of Texas (the “State”) has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district’s local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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 benefit terms. Investments are reported at fair value.

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

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

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

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

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

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

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

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

Data Control Codes

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and agency funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

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

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

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

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

At August 31, 2020, the carrying amount of the District's deposits was \$740,628 and the bank balance was \$798,023. The District's deposits with financial institutions 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. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: Horizon Bank.
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$2,500,000.
- c) The largest cash, savings and time deposit combined account balance amounted to \$2,402,410 and occurred during the month of June 2020.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Investments held at August 31, 2020 consisted of the following:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pools:			
TEXPOOL	\$ 1,942,416	1	AAAm
Lone Star Investment Pool	120,824	1	AAAm
Certificates of Deposit - Texell Credit Union	349,186	180	N/A
Total Investments	<u>\$ 2,412,426</u>		

The District had investments in two external local governmental investment pools at August 31, 2020, consisting of the Texas Local Governmental Investment Pool ("TexPool") and the Lone Star (First Public) Investment Pool. Due to their liquidity, these two investments, as well as the certificates of deposit have been reported as Cash and Cash Equivalents within the financial statements.

TEXPOOL

TEXPOOL is a local government investment pool. It offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The primary objectives of the pool are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, diversify to avoid unreasonable or avoidable risks, and maximize the return on the pool. Cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas make up the investor base.

TEXPOOL was originally rated in March 1995, but effective April 2002, the Texas Comptroller of Public Accounts contracted with Federated Investors, Inc. for the day-to-day operations of TEXPOOL. Federated Investors, Inc. performs the pool's investment management and custodial functions. It also provides the marketing function, working closely with participants. Federated Securities Corp. acts as the distributor for the portfolio. Oversight of TEXPOOL continues to be provided by the Texas Comptroller, as well as the TEXPOOL advisory board. In January 1995, the advisory board adopted and implemented long-term policy changes to provide for a stable net asset value (NAV) pool, which, in effect, operates like an SEC regulated Rule 2a-7 money-market fund. These changes were made to ensure a more conservative investment strategy and to provide a much higher level of investment safety for local government funds.

Lone Star (First Public)

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds--Government Overnight Fund and Corporate Overnight Plus Fund--also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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 agencies are designed to give an indication of credit risk. At August 31, 2020, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2020, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2020, the District had 86% of its investments in money market accounts and local governmental investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2020, investments were included in local government investment pools which have a weighted average maturity of one day.

3. PROPERTY TAXES

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

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2019, upon which the October 2019 levy was based was \$132,225,128. The District levied taxes based on a combined tax rate of \$1.3499 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

4. DUE FROM/TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of August 31, 2020 are summarized below:

Due From Other Governments:	SSA, IDEA-Part B Formula	Non-Major Governmental Funds	Total
Governmental Activities:			
State Grants	\$ -	\$ 25,000	\$ 25,000
Federal Grants	900,294	32,428	932,722
Total - Governmental Activities	<u>\$ 900,294</u>	<u>\$ 57,428</u>	<u>\$ 957,722</u>
Due To Other Governments:	General Fund	Non-Major Governmental Funds	Total
Governmental Activities:			
Foundation & Per Capita Entitlements	\$ 389,218	\$ -	\$ 389,218
State Grants	-	30,318	30,318
Total - Governmental Activities	<u>\$ 389,218</u>	<u>\$ 30,318</u>	<u>\$ 419,536</u>

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “Due from Other Funds” and on the balance sheet of the borrowing fund as “Due to Other Funds”. Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “Transfers Out” for the paying fund and “Transfers In” for the receiving fund.

During the year, the General Fund transferred \$20,293 to the Child Nutrition Fund and \$64,063 to the Daycare Program to provide for supplemental financing needs.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

The composition of interfund balances as of August 31, 2020 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Funds	\$ 298,545
Total General Fund		298,545
Special Revenue Funds	General Fund	95,093
	Special Revenue Funds	776,629
Total Special Revenue Funds		871,722
Debt Service Fund	General Fund	7,873
Total Debt Service Fund		7,873
Enterprise Fund	General Fund	22,722
	Special Revenue Funds	3,064
Total Enterprise Fund		25,786
Trust and Agency Funds	General Fund	42,030
Total Trust and Agency Funds		42,030
Grand Total		\$ 1,245,956

6. CAPITAL ASSETS

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

	Beginning Balance 9/1/19	Additions	Retirements	Adjustments	Ending Balance 8/31/20
Governmental Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 240,300	\$ -	\$ -	\$ -	\$ 240,300
Construction in Progress	4,722,517	106,098	-	(4,828,615)	-
Total Capital Assets, not Being Depreciated	4,962,817	106,098	-	(4,828,615)	240,300
Capital Assets, Being Depreciated:					
Buildings and Improvements	11,271,859	100,733	-	4,828,615	16,201,207
Furniture and Equipment	962,056	239,157	-	-	1,201,213
Total Capital Assets, Being Depreciated	12,233,915	339,890	-	4,828,615	17,402,420
Less Accumulated Depreciation for:					
Buildings and Improvements	(4,800,174)	(403,325)	-	-	(5,203,499)
Furniture and Equipment	(693,053)	(79,513)	-	-	(772,566)
Total Accumulated Depreciation	(5,493,227)	(482,838)	-	-	(5,976,065)
Governmental Activities Capital Assets, Net	\$ 11,703,505	\$ (36,850)	\$ -	\$ -	\$ 11,666,655

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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

Function	Depreciation Allocation
Instruction	\$ 270,978
Instructional Resources and Media Services	3,035
Curriculum and Instructional Staff Development	696
Instructional Leadership	9,220
School Leadership	25,874
Guidance, Counseling, and Evaluation Services	38,821
Health Services	4,523
Student Transportation	17,105
Food Services	16,147
Extracurricular Activities	27,976
General Administration	20,953
Facilities Maintenance and Operations	39,415
Security and Monitoring Services	506
Data Processing Services	6,907
Community Services	682
Totals	<u>\$ 482,838</u>

7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Governmental activities long-term debt obligations at August 31, 2020 consisted of the following:

General Long-Term Debt Description	Outstanding at August 31, 2020
\$5,095,000 Series 2017 Unlimited Tax School Building & Refunding Bonds due in annual installments of \$210,000 to \$310,000 through February 15, 2036; interest at 2.0% to 4.0%.	\$ 4,255,000
\$3,840,000 Series 2017A Unlimited Tax School Building & Refunding Bonds due in annual installments of \$115,000 to \$330,000 through February 15, 2042; interest at 2.0% to 4.0%.	3,835,000
\$350,000 Series 2018 Unlimited Tax School Building & Refunding Bonds due in one remaining installment of \$95,000 through February 15, 2021; interest at 3.0%.	95,000
\$104,112 Capital Lease for a 2019 Bus due in annual installments of \$19,528 to \$22,072 through 2024; interest at 3.994%.	83,233
Total General Long-Term Debt	<u>\$ 8,268,233</u>

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

The following is a summary of changes in long-term liabilities for the year ended August 31, 2020:

Type	Outstanding 9/1/19	Additions	Deletions	Outstanding 8/31/20	Due in One Year
Bonds Payable:					
General Oblig. & Refunding Bonds	\$ 8,530,000	\$ -	\$ (345,000)	\$ 8,185,000	\$ 365,000
Premium on Issuance of Bonds	913,213	-	(49,743)	863,470	-
Total Bonds	9,443,213	-	(394,743)	9,048,470	365,000
Other Long-Term Liabilities:					
Capital Leases	19,098	104,112	(39,977)	83,233	19,528
Total Other Long-Term Liabilities	19,098	104,112	(39,977)	83,233	19,528
Total Governmental Activities	\$ 9,462,311	\$ 104,112	\$ (434,720)	\$ 9,131,703	\$ 384,528

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2020 are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2021	\$ 365,000	\$ 329,400	\$ 694,400
2022	395,000	315,750	710,750
2023	405,000	301,100	706,100
2024	420,000	286,100	706,100
2025	415,000	269,300	684,300
2026-2030	2,100,000	1,088,100	3,188,100
2031-2033	2,115,000	676,500	2,791,500
2036-2040	1,530,000	252,200	1,782,200
2041-2042	440,000	26,600	466,600
Totals	\$ 8,185,000	\$ 3,545,050	\$ 11,730,050

Year Ended August 31,	Capital Leases		Total Requirements
	Principal	Interest	
2021	\$ 19,528	\$ 3,442	\$ 22,970
2022	20,409	2,544	22,953
2023	21,224	1,729	22,953
2024	22,072	881	22,953
Totals	\$ 83,233	\$ 8,596	\$ 91,829

HOLLAND INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2020

8. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Comprehensive Annual Financial Report within Note 1 to the financial statements. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes 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 exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees.

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

C. Contributors to the Plan

Contributors to the Plan include active members, employers, and the State of Texas as the only non-employer contributing entity. The State is also 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.

The number of participating employers during fiscal year 2019 are disclosed in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,023
Charter Schools (open enrollment only)	179
Community and Junior Colleges	50
Senior Colleges and Universities	47
Regional Service Centers	20
Medical Schools	9
Educational Districts	3
State Agency	1
Total	<u><u>1,332</u></u>

HOLLAND INDEPENDENT SCHOOL DISTRICT
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Plan membership as of August 31, 2018 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2018 (see Section F), the Plan membership counts are as of August 31, 2018.

<u>Pension Plan Membership</u>	
Retired plan members or beneficiaries currently receiving benefits	420,458
Inactive plan members entitled to but not yet receiving benefits	298,498
Active plan members	872,999
	<u>1,591,955</u>

The Average Expected Remaining Service Life (AERSL) of 6.3623 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- On the portion of a 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 or all of an employee's salary is paid by federal, private, local or non-educational and general funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

HOLLAND INDEPENDENT SCHOOL DISTRICT
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Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below.

<u>Contribution Rates</u>	<u>2019</u>	<u>2020</u>
Members	7.7%	7.7%
Employer	6.8%	7.5%
State of Texas (NECE)	6.8%	7.5%
<u>Contribution Amounts</u>		
Members	\$ 389,954	\$ 444,213
Employer	134,707	152,767
State of Texas (NECE)	288,821	360,844

Employers are also required to pay surcharges in the following cases:

- When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the member's salary.
- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2019 are disclosed below.

<u>Components of Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 209,961,325,288
Less: Plan Fiduciary Net Position	(157,978,199,075)
Net Pension Liability	<u>\$ 51,983,126,213</u>
Net Position as Percentage of Total Pension Liability	75.24%

F. Actuarial Methods and Assumptions

Roll Forward

The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2018 and were adopted in July 2018.

The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females with full generational mortality. The postretirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The long-term expected rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate 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 System's target asset allocation as of August 31, 2019 are summarized in the chart below:

HOLLAND INDEPENDENT SCHOOL DISTRICT
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Asset Class	FY 2019 Target Allocation* %	New Target Allocation** %	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
USA	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries****	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return (Including Credit Sensitive Investments)	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds****	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8%/6.5%*****
Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
Total	<u>100.00%</u>	<u>100.00%</u>	
Expected Return			<u>7.23%</u>

* FY2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018

** New Target Allocation based on the Strategic Asset Allocation dated 10/1/2019

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

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

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

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

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

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

G. Discount Rate

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

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

H. Changes of Assumptions Since the Prior Measurement Date

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

With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

The following table presents the net pension liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumptions			
	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
District's Proportionate Share of the Net Pension Liability:	\$ 3,047,632	\$ 1,982,657	\$ 1,119,822

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of 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 was assigned a proportion of the Plan's Net Pension Liability based on the District's contributions to the Plan relative to the contributions of all employers for the period September 1, 2018 through August 31, 2019.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

	Measurement Date		Change
	8/31/18	8/31/19	
District's Proportion of the Collective Net Pension Liability	0.000041873136	0.000038140401	(0.000003732735)
District's Proportionate Share of the Net Pension Liability	\$ 2,304,799	\$ 1,982,657	\$ (322,142)
State's Proportionate Share of the Net Pension Liability			
Associated with the District	4,035,237	3,989,866	(45,371)
Total Pension Liability	<u>\$ 6,340,036</u>	<u>\$ 5,972,523</u>	<u>\$ (367,513)</u>

At August 31, 2020, Holland Independent School 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	\$ 8,329	\$ 68,841
Changes in Actuarial Assumptions	615,118	254,196
Difference Between Projected and Actual Investment Earnings	119,198	99,290
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	268,427	119,144
Contributions Paid to TRS Subsequent to the Measurement Date	152,767	-
Total	\$ 1,163,839	\$ 541,471

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

Measurement Year Ended August 31,	Pension Expense Amount
2020	\$ 146,910
2021	120,587
2022	111,473
2023	100,484
2024	16,456
Thereafter	(26,309)

For the year ended August 31, 2020, Holland Independent School District recognized pension expense of \$287,640 and revenue of \$626,752 for support provided by the State.

9. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2020, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$225 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

A. Plan Description

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) is a multiple-employer, cost-sharing, defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards. Further detailed information regarding TRS and TRS-Care is available in a separately issued Comprehensive Annual Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. 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 General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2019, the number of participating employers are presented in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,022
Open Enrollment Charter Schools	179
Regional Service Centers	20
Other Educational Districts	3
Total	<u><u>1,224</u></u>

TRS-Care plan membership as of August 31, 2018 is shown in the following table. Because the actuarial valuation was based on a roll-forward (See Section F), the counts are as of that date.

<u>TRS-Care Plan Membership</u>	
Active plan members	718,000
Inactive plan members currently receiving benefits	194,346
Inactive plan members entitled to but not yet receiving benefits	14,142
Total	<u><u>926,488</u></u>

HOLLAND INDEPENDENT SCHOOL DISTRICT
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The Average Expected Remaining Service Life (AERSL) of 9.0344 is based on the membership information as of the beginning of the fiscal year.

D. Contributions

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

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2019.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below.

<u>Contribution Rates</u>	<u>2019</u>	<u>2020</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%
<u>Contribution Amounts</u>		
Members	\$ 32,919	\$ 37,499
Employer	40,665	47,877
State of Texas (NECE)	50,968	63,678
* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.		

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of the TRS. The TRS-Care surcharges for fiscal year 2019 totaled \$10,800,712.

A supplemental appropriation was received in 2019 for \$73.6 million, which was re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

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/Children	468	408
Retiree and Family	1,020	999

HOLLAND INDEPENDENT SCHOOL DISTRICT
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E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2019 are disclosed in the following table.

<u>Components of OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 48,583,247,239
Less: Plan Fiduciary Net Position	<u>(1,292,022,349)</u>
Net OPEB Liability	<u>\$ 47,291,224,890</u>
Net Position as a Percentage of Total OPEB Liability	2.66%

F. Actuarial Methods and Assumptions

Roll Forward

The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total OPEB liability to August 31, 2019.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation 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 used for members of TRS are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

- Rates of Mortality
- Rates of Retirement
- Rates of Termination
- Rates of Disability
- General Inflation
- Wage Inflation
- Salary Increases

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Health Care Trend Rates

The initial medical trend rates were 10.25 percent for Medicare retirees and 7.50 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 percent over a period of 13 years.

HOLLAND INDEPENDENT SCHOOL DISTRICT
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Actuarial Methods and Assumptions

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

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

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

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

G. Discount Rate

A single discount rate of 2.63 percent was used to measure the total OPEB liability. This was a decrease of 1.06 percent in the discount rate since the previous year. Because the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

H. Change of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

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

I. Changes of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

HOLLAND INDEPENDENT SCHOOL DISTRICT
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J. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the net OPEB liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower, 1.63 percent, or one-percentage point higher, 3.63 percent, than the AA/Aa rate.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions			
	1% Decrease 1.63%	Current Single Discount Rate 2.63%	1% Increase 3.63%
District's Proportionate Share of the Net OPEB Liability	\$ 3,340,757	\$ 2,767,083	\$ 2,318,297

K. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 2,257,289	\$ 2,767,083	\$ 3,449,972

L. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2018 through August 31, 2019.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

	Measurement Date		Change
	8/31/18	8/31/19	
District's Proportion of the Collective Net OPEB Liability	0.000065875965	0.000058511544	-0.000007364421
District's Proportionate Share of the Net OPEB Liability	\$ 3,289,247	\$ 2,767,083	\$ (522,164)
State's Proportionate Share of the Net OPEB Liability Associated with the District	4,008,673	3,676,834	(331,839)
Total OPEB Liability	\$ 7,297,920	\$ 6,443,917	\$ (854,003)

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

At August 31, 2020, Holland Independent School District reported its proportionate share of 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	\$ 135,749	\$ 452,804
Changes in Actuarial Assumptions	153,690	744,277
Difference Between Projected and Actual Investment Earnings	359	61
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	316,007	407,580
Contributions Paid to TRS Subsequent to the Measurement Date	47,877	-
Total	\$ 653,682	\$ 1,604,722

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

Measurement Year Ended August 31,	OPEB Expense Amount
2020	\$ (158,509)
2021	(158,509)
2022	(158,606)
2023	(158,662)
2024	(158,648)
Thereafter	(205,983)

For the year ended August 31, 2020, Holland Independent School District recognized OPEB expense of \$20,318 and revenue of \$96,906 for support provided by the State.

11. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2020 and August 31, 2019, the subsidy payments received by TRS-Care on behalf of the District were \$27,282 and \$18,771, respectively.

12. FUND BALANCES

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

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

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

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

HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

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

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

13. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	SSA, Special Education	Non-Major Governmental Funds	Proprietary Funds	Trust Funds	Total
Property Taxes	\$ 1,273,763	\$ -	\$ 497,326	\$ -	\$ -	\$ 1,771,089
Investment Income	41,605	6,147	4,885	190	3,049	55,876
Rent	14,796	-	-	-	-	14,796
Gifts	-	-	-	-	34,184	34,184
Food Sales	-	-	63,433	-	-	63,433
Athletics	29,850	-	-	-	-	29,850
Extracurricular Activities	18,238	-	-	-	-	18,238
Interfund Services	-	-	-	16,963	-	16,963
Miscellaneous Local Revenue	83,888	1,034,306	189,950	33,118	18,070	1,359,332
Total	<u>\$ 1,462,140</u>	<u>\$ 1,040,453</u>	<u>\$ 755,594</u>	<u>\$ 50,271</u>	<u>\$ 55,303</u>	<u>\$ 3,363,761</u>

14. UNEARNED REVENUE

Unearned revenue at August 31, 2020 consisted of the following amounts:

Fund	State Grants
Non-Major Governmental Funds	\$ 106,159
Total	<u>\$ 106,159</u>

15. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended August 31, 2020, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

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HOLLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

16. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2020, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

17. SHARED SERVICES ARRANGEMENT – FISCAL AGENT

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement (SSA) which provides special education and Medicaid reimbursement services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the FASRG, the District has accounted for the fiscal agent's activities using Model 1 and Model 3 for the Special Education Program and Medicaid reimbursement services.

The shared services arrangements are grouped by accounting model are listed below:

Model #1 SSAs

IDEA - Part B, Formula (Fund 313)	6 Member Districts
IDEA - Part B, Preschool (Fund 314)	6 Member Districts

Model #3 SSAs

Special Education (Fund 437)	6 Member Districts
------------------------------	--------------------

Expenditures of the SSA are summarized below:

Member Districts	313 SSA, IDEA-Part B, Formula	314 SSA, IDEA-Part B, Preschool	437 SSA, Special Education
Academy ISD	\$ 469,613	\$ -	\$ -
Salado ISD	218,994	-	-
Rogers ISD	156,681	-	-
Troy ISD	-	-	10,000
Bartlett ISD	-	-	-
Retained by Fiscal Agent	343,459	29,468	934,324
Totals	<u>\$ 1,188,747</u>	<u>\$ 29,468</u>	<u>\$ 944,324</u>

For the year ended August 31, 2020, Bartlett Independent School District had no classrooms pertaining to the Shared Services Arrangement, and therefore, no expenditures are reported for Bartlett ISD.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year			
	2019	2018	2017	2016
District's Proportion of the Net Pension Liability	0.0038140401%	0.0041873136%	0.0040093170%	0.0036856050%
District's Proportionate Share of the Net Pension Liability	\$ 1,982,657	\$ 2,304,799	\$ 1,281,963	\$ 1,392,735
State's Proportionate Share of the District Net Pension Liability	3,989,866	4,035,237	2,542,941	2,977,540
Total Pension Liability	<u>\$ 5,972,523</u>	<u>\$ 6,340,036</u>	<u>\$ 3,824,904</u>	<u>\$ 4,370,275</u>
District's Covered-Employee Payroll	\$ 5,064,333	\$ 4,870,462	\$ 4,811,143	\$ 4,451,577
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	39.15%	47.32%	26.65%	31.29%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	75.24%	73.74%	82.17%	78.00%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 68.

Measurement Year	
2015	2014
0.0038887000%	0.0018049000%

\$ 1,374,604 \$ 482,114

2,795,801	4,342,570
<u>\$ 4,170,405</u>	<u>\$ 4,824,684</u>

\$ 4,263,577 \$ 3,902,069

32.24% 12.36%

78.43% 83.25%

HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year			
	2020	2019	2018	2017
Contractually Required Contribution	\$ 152,767	\$ 134,707	\$ 141,702	\$ 131,402
Contribution in Relation to the Contractually Required Contribution	<u>(152,767)</u>	<u>(134,707)</u>	<u>(141,702)</u>	<u>(131,402)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,769,006	\$ 5,064,333	\$ 4,870,462	\$ 4,811,143
Contributions as a Percentage of Covered-Employee Payroll	2.65%	2.66%	2.91%	2.73%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 68 and will eventually reflect ten years of data.

Fiscal Year	
2016	2015
\$ 57,004	\$ 57,299
<u>(57,004)</u>	<u>(57,299)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 4,451,577	\$ 4,263,577
1.28%	1.34%

HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year		
	2019	2018	2017
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0058511544%	0.0065875965%	0.0059293968%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 2,767,083	3,289,247	2,578,472
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	3,676,834	4,008,673	3,632,805
Total Other Post Employment Benefits Liability	<u>\$ 6,443,917</u>	<u>\$ 7,297,920</u>	<u>\$ 6,211,277</u>
District's Covered Payroll	\$ 5,064,333	\$ 4,870,462	\$ 4,811,143
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	54.64%	67.53%	53.59%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	2.66%	1.57%	0.91%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 75.

HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year			
	2020	2019	2018	2017
Contractually Required Contribution	\$ 47,877	\$ 40,665	\$ 45,697	\$ 30,130
Contribution in Relation to the Contractually Required Contribution	(47,877)	(40,665)	(45,697)	(30,130)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,769,006	\$ 5,064,333	\$ 4,870,462	\$ 4,811,143
Contributions as a Percentage of Covered Payroll	0.83%	0.80%	0.94%	0.63%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

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

Teacher Retirement System

Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB-68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

Changes of Benefit Terms

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 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.

Changes of Assumptions

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS Care note to the financial statements.

Changes of Benefit Terms

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

Changes of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent, as of August 31, 2019. This change increased the total OPEB liability (TOL).
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.

The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

HOLLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

	211	240	242	255
Data Control Codes	ESEA, Title I, Part A	National Breakfast and Lunch Program	Summer Feeding Program, TDA	ESEA, Title II, Part A
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 48,111	\$ 1,531	\$ 438
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240 Due from Other Governments	16,190	475	-	1,938
1260 Due from Other Funds	-	-	-	-
1000A Total Assets	<u>\$ 16,190</u>	<u>\$ 48,586</u>	<u>\$ 1,531</u>	<u>\$ 2,376</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 2,366	\$ -	\$ -
2160 Accrued Wages Payable	7,368	11,621	-	1,230
2170 Due to Other Funds	8,034	9,940	935	1,011
2180 Due to Other Governments	-	-	-	-
2200 Accrued Expenditures	788	240	-	135
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>16,190</u>	<u>24,167</u>	<u>935</u>	<u>2,376</u>
DEFERRED INFLOWS OF RESOURCES				
2600 Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
3450 Federal or State Funds Restricted	-	24,419	596	-
3470 Capital Acq. and Contractual Oblig.	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
Committed for:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>24,419</u>	<u>596</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 16,190</u>	<u>\$ 48,586</u>	<u>\$ 1,531</u>	<u>\$ 2,376</u>

265	266	289	314	410	429	459
Title IV, Part B	ESSER Grant	Title IV, Part-A, Subpart 1	Shared Services Arrangements- IDEA-Part B, Preschool	State Textbook Fund	State Funded Special Revenue Funds	Special Education Fiscal Support Grant
\$ 12,139	\$ -	\$ -	\$ 4,372	\$ 680	\$ -	\$ 12,201
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,940	5,103	1,782	-	25,000	-
-	-	-	-	-	-	102,882
<u>\$ 12,139</u>	<u>\$ 6,940</u>	<u>\$ 5,103</u>	<u>\$ 6,154</u>	<u>\$ 680</u>	<u>\$ 25,000</u>	<u>\$ 115,083</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,924
-	-	-	1,324	-	-	-
12,139	6,940	5,103	4,690	680	25,000	-
-	-	-	-	-	-	-
-	-	-	140	-	-	-
-	-	-	-	-	-	106,159
<u>12,139</u>	<u>6,940</u>	<u>5,103</u>	<u>6,154</u>	<u>680</u>	<u>25,000</u>	<u>115,083</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,139</u>	<u>\$ 6,940</u>	<u>\$ 5,103</u>	<u>\$ 6,154</u>	<u>\$ 680</u>	<u>\$ 25,000</u>	<u>\$ 115,083</u>

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		461	599	699	
Data					
Control		Campus Activity	Debt Service	Capital Projects	Total Non-Major
Codes		Funds	Fund	Fund	Governmental
					Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 64,145	\$ 374,945	\$ 7,574	\$ 526,136
1220	Property Taxes - Delinquent	-	18,911	-	18,911
1230	Allowance for Uncollectible Taxes (Credit)	-	(5,673)	-	(5,673)
1240	Due from Other Governments	-	-	-	57,428
1260	Due from Other Funds	-	7,873	-	110,755
1000A	Total Assets	<u>\$ 64,145</u>	<u>\$ 396,056</u>	<u>\$ 7,574</u>	<u>\$ 707,557</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 11,290
2160	Accrued Wages Payable	-	-	-	21,543
2170	Due to Other Funds	778	-	-	75,250
2180	Due to Other Governments	-	30,318	-	30,318
2200	Accrued Expenditures	-	-	-	1,303
2300	Unearned Revenues	-	-	-	106,159
2000	Total Liabilities	<u>778</u>	<u>30,318</u>	<u>-</u>	<u>245,863</u>
DEFERRED INFLOWS OF RESOURCES					
2600	Unavailable Revenue	-	13,238	-	13,238
	Total Deferred Inflows of Resources	<u>-</u>	<u>13,238</u>	<u>-</u>	<u>13,238</u>
FUND BALANCES					
	Restricted for:				-
3450	Federal or State Funds Restricted	-	-	-	25,015
3470	Capital Acq. and Contractual Oblig.	-	-	7,574	7,574
3480	Retirement of Long-Term Debt	-	352,500	-	352,500
	Committed for:				-
3545	Other Committed Fund Balance	63,367	-	-	63,367
3000	Total Fund Balances	<u>63,367</u>	<u>352,500</u>	<u>7,574</u>	<u>448,456</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 64,145</u>	<u>\$ 396,056</u>	<u>\$ 7,574</u>	<u>\$ 707,557</u>

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

	211	240	242	255
Data				
Control		National		
Codes	ESEA, Title I, Part A	Breakfast and Lunch Program	Summer Feeding Program, TDA	ESEA, Title II, Part A
REVENUES				
5700 Local and Intermediate Sources	\$ -	\$ 63,433	\$ -	\$ -
5800 State Program Revenues	-	12,106	275	-
5900 Federal Program Revenues	121,508	246,450	5,868	13,590
5020 Total Revenues	121,508	321,989	6,143	13,590
EXPENDITURES				
0011 Instruction	117,668	-	-	11,494
0013 Curriculum & Instructional Staff Development	1,408	-	-	1,723
0021 Instructional Leadership	2,432	-	-	373
0031 Guidance, Counseling, & Evaluation Services	-	-	-	-
0035 Food Services	-	352,544	5,680	-
0036 Extracurricular Activities	-	-	-	-
0053 Data Processing Services	-	-	-	-
0071 Debt Service - Principal	-	-	-	-
0072 Debt Service - Interest	-	-	-	-
0073 Debt Service - Bond Issuance Costs	-	-	-	-
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	121,508	352,544	5,680	13,590
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(30,555)	463	-
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	-	20,293	-	-
7080 Total Other Financing Sources (Uses)	-	20,293	-	-
1200 Net Change in Fund Balance	-	(10,262)	463	-
0100 Fund Balance - Beginning	-	34,681	133	-
3000 Fund Balance - Ending	\$ -	\$ 24,419	\$ 596	\$ -

265	266	289	314	410	429	459
Title IV, Part B	ESSER Grant	Title IV, Part-A, Subpart 1	Shared Services Arrangements- IDEA-Part B, Preschool	State Textbook Fund	State Funded Special Revenue Funds	Special Education Fiscal Support Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	138,289	25,000	258,442
-	6,940	9,837	29,468	-	-	-
-	6,940	9,837	29,468	138,289	25,000	258,442
-	-	9,637	29,468	138,289	25,000	1,805
-	-	-	-	-	-	-
-	2,269	200	-	-	-	-
-	-	-	-	-	-	256,637
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,671	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,940	9,837	29,468	138,289	25,000	258,442
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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		461	599	699	
Data					
Control		Campus Activity	Debt Service	Capital Projects	Total Non-Major
Codes		Funds	Fund	Fund	Governmental
					Funds
REVENUES					
5700	Local and Intermediate Sources	\$ 189,950	\$ 500,501	\$ 1,710	\$ 755,594
5800	State Program Revenues	-	269,268	-	703,380
5900	Federal Program Revenues	-	-	-	433,661
5020	Total Revenues	189,950	769,769	1,710	1,892,635
EXPENDITURES					
0011	Instruction	-	-	-	333,361
0013	Curriculum & Instructional Staff Development	-	-	-	3,131
0021	Instructional Leadership	-	-	-	5,274
0031	Guidance, Counseling, & Evaluation Services	-	-	-	256,637
0035	Food Services	-	-	-	358,224
0036	Extracurricular Activities	216,683	-	-	216,683
0053	Data Processing Services	-	-	-	4,671
0071	Debt Service - Principal	-	345,000	-	345,000
0072	Debt Service - Interest	-	342,300	-	342,300
0073	Debt Service - Bond Issuance Costs	-	1,350	-	1,350
0081	Facilities Acquisition and Construction	-	-	142,986	142,986
6030	Total Expenditures	216,683	688,650	142,986	2,009,617
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,733)	81,119	(141,276)	(116,982)
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	-	-	-	20,293
7080	Total Other Financing Sources (Uses)	-	-	-	20,293
1200	Net Change in Fund Balance	(26,733)	81,119	(141,276)	(96,689)
0100	Fund Balance - Beginning	90,100	271,381	148,850	545,145
3000	Fund Balance - Ending	\$ 63,367	\$ 352,500	\$ 7,574	\$ 448,456

HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2020

		1	2	3
Last 10 Years Ended August 31,		Tax Rates		Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2011	and prior years	Various	Various	Various
2012		1.04000	0.24000	\$ 77,226,952
2013		1.04000	0.24000	79,848,239
2014		1.04000	0.22000	80,816,377
2015		1.04000	0.22000	96,239,762
2016		1.04000	0.22000	97,296,349
2017		1.04000	0.20850	106,565,318
2018		1.04000	0.39500	122,886,523
2019		1.04000	0.35500	121,044,516
2020	(School year under audit)	0.97000	0.37990	132,225,128
TOTALS				

10 Beginning Balance 9/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/20
\$ 9,428	\$ -	\$ 1,385	\$ 320	\$ (1,094)	\$ 6,629
4,090	-	668	154	1	3,269
6,042	-	1,324	306	-	4,412
5,514	-	578	122	-	4,814
6,153	-	644	136	(4)	5,369
6,730	-	569	120	(48)	5,993
6,254	-	960	192	-	5,102
7,651	-	1,350	513	(82)	5,706
22,827	-	13,695	4,675	7,686	12,143
-	1,784,907	1,254,105	491,169	(11,593)	28,040
<u>\$ 74,689</u>	<u>\$ 1,784,907</u>	<u>\$ 1,275,278</u>	<u>\$ 497,707</u>	<u>\$ (5,134)</u>	<u>\$ 81,477</u>

HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (GAAP BASIS)	Final Budget
REVENUES				
5700 Local & Intermediate Sources	\$ 95,394	\$ 95,394	\$ 63,433	\$ (31,961)
5800 State Program Revenues	2,000	2,000	12,106	10,106
5900 Federal Program Revenues	286,500	286,500	246,450	(40,050)
5020 Total Revenues	383,894	383,894	321,989	(61,905)
EXPENDITURES				
0035 Food Services	391,894	391,894	352,544	39,350
6030 Total Expenditures	391,894	391,894	352,544	39,350
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,000)	(8,000)	(30,555)	(22,555)
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	8,000	8,000	20,293	12,293
7080 Total Other Finance Sources (Uses)	8,000	8,000	20,293	12,293
1200 Net Change in Fund Balances	-	-	(10,262)	(10,262)
0100 Fund Balance-September 1 (Beginning)	34,681	34,681	34,681	-
3000 Fund Balance-August 31 (Ending)	\$ 34,681	\$ 34,681	\$ 24,419	\$ (10,262)

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

Data			Actual		
Control	Budgeted Amounts		Amounts	Variance With	
Codes	Original	Final	(GAAP BASIS)	Final Budget	
REVENUES					
5700 Local & Intermediate Sources	\$ 503,689	\$ 503,689	\$ 500,501	\$ (3,188)	
5800 State Program Revenues	132,480	132,480	269,268	136,788	
5020 Total Revenues	636,169	636,169	769,769	133,600	
EXPENDITURES					
Debt Service:					
0071 Principal on Long Term Debt	345,000	345,000	345,000	-	
0072 Interest on Long Term Debt	342,300	342,300	342,300	-	
0073 Bond Issuance Cost and Fees	900	900	1,350	(450)	
6030 Total Expenditures	688,200	688,200	688,650	(450)	
1200 Net Change in Fund Balances	(52,031)	(52,031)	81,119	133,150	
0100 Fund Balance-September 1 (Beginning)	271,381	271,381	271,381	-	
3000 Fund Balance-August 31 (Ending)	\$ 219,350	\$ 219,350	\$ 352,500	\$ 133,150	

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HOLLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1 Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	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 in effect at the 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.	\$ -

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FEDERAL AWARDS SECTION

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

To the Board of Trustees of
Holland Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Holland Independent School District's basic financial statements, and have issued our report thereon dated November 20, 2020.

Internal Control over Financial Reporting

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

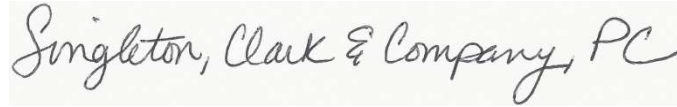
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holland 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*.

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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.

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Singleton, Clark & Company, PC
Cedar Park, Texas

November 20, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
FOR EACH MAJOR PROGRAM AS REQUIRED BY UNIFORM GUIDANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees of
Holland Independent School District

Report on Compliance for Each Major Federal Program

We have audited Holland 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 Holland Independent School District's major federal programs for the year ended August 31, 2020. Holland 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 the 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 Holland 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 Holland 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 Holland Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Holland 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 Holland 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 Holland 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 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 Holland Independent School District's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

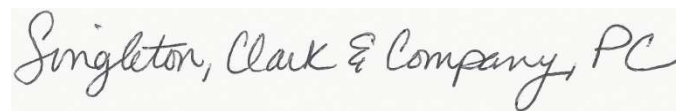
A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*

We have audited the financial statements of Holland Independent School District as of and for the year ended August 31, 2020, and have issued our report thereon dated November 20, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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Singleton, Clark & Company, PC
Cedar Park, Texas

November 20, 2020

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

	1	2a	3
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101014905	\$ 121,508
Shared Services Arrangement - IDEA - Part-B, Formula ¹	84.027A	206600010149056600	1,188,747
Shared Services Arrangement - IDEA - Part-B, Preschool ¹	84.173A	206610010149056610	29,468
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	20694501014905	13,590
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	20521001141901	6,940
ESEA, Title IV, Part A, Subpart 1	84.424A	20680101014905	9,837
Total Passed through Texas Education Agency			<u>1,370,090</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,370,090</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through Texas Education Agency</u>			
National School Breakfast Program ²	10.553	71402001	55,830
National School Lunch Program ²	10.555	71302001	118,526
Summer Feeding Program ²	10.559	71302001	5,868
Total Passed through Texas Education Agency			<u>180,224</u>
<u>Passed through Texas Department of Agriculture</u>			
Food Distribution Program - Non-Cash Assistance ²	10.555	20-014905	21,305
Child Nutrition Discretionary Grant	10.579	20-014905	50,789
Total Passed through Texas Department of Agriculture			<u>72,094</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>252,318</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,622,408</u>

¹ Special Education (IDEA) Cluster as defined in OMB Compliance Supplement.

² Child Nutrition Cluster as defined in OMB Compliance Supplement.

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal awards expenditures of Holland Independent School District (the “District”) under programs of the federal government for the year ended August 31, 2020. The information in the accompanying Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Expenditures for the National School Lunch Program, School Breakfast Program and the Food Distribution Program are shown on the accompanying schedule of expenditures of federal awards in an amount equal to the related revenue, but are not specifically attributable to this revenue source. Expenditures are reported in this manner due to the Child Nutrition Fund being a fund that combines local, state, and federal revenues, and spends those resources together to support the overall operations of the Child Nutrition Program.

Relationship to Basic Financial Statements - Expenditures of federal awards are reported in the District’s basic financial statements in the special revenue funds.

Relationship to Federal Financial Reports - Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

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HOLLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

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

Special Education Cluster	Unmodified
---------------------------	------------

Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance?

☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A, 84.173A	Special Education Cluster

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

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

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2020 and 2019.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended August 31, 2020 and 2019.