

Dripping Springs Independent School District

Annual Financial Report

For the Fiscal Year Ended June 30, 2020



Dripping Springs Independent School District
 Annual Financial Report
 For the Fiscal Year Ended June 30, 2020
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Certificate of the Board

Dripping Springs Independent School District

Name of School District

Hays

County

105-904

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the fiscal year ended June 30, 2020 at a meeting of the Board of Trustees of such school district on the ____day of January, 2021.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved 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
Dripping Springs Independent School District
Drippings Springs, Texas

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 Dripping Springs Independent School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Board of Trustees of
Dripping Springs Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information and Schedule of Required Responses to Selected School FIRST Indicators, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates 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 Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Required Responses to Selected School FIRST Indicators has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The Board of Trustees of
Dripping Springs Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 15, 2021

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Management's Discussion and Analysis

As management of the Dripping Springs Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, investment fair values, net taxes receivable, net pension liability, and net other postemployment benefits liability.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$56,864,655 (net position). Of this amount, \$9,731,117 (unrestricted net position) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net position increased by \$3,959,895 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$160,799,552, an increase of \$1,011,072 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$39,244,937, or approximately 59 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$14,012,194 (4.7 percent) during the year.

Overview of the Financial Statements

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

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

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

The government-wide financial operations (*governmental activities*) of the District are principally supported by taxes, intergovernmental revenues, and charges for services. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Cocurricular/Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Contracted Instructional Services between Schools, and Other Intergovernmental Charges*.

The business-type activities include Day Care, Community Services, and School Store.

The government-wide financial statements can be found as noted in the table of contents of this report.

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

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

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

The District maintained twenty-three individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other twenty governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are noted in the table of contents of this report.

Proprietary Fund. The District maintains one type of propriety fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its Day Care, Community Services, and School Store operations.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the enterprise funds are provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements are noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs and activities. A statement of fiduciary net position and statement of changes in fiduciary net position are presented for fiduciary funds, as noted in the table of contents of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary and other information, including schedules required by the Texas Education Agency. Such information is noted in the table of contents of this report.

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$56,864,655, an increase of \$3,959,895 over the preceding year from current operations.

Dripping Springs Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 179,664,833	\$ 174,603,843	\$ 634,851	\$ 1,306,800	\$ 180,299,684	\$ 175,910,643
Capital assets, net of accumulated depreciation	241,906,637	221,297,821	-	3,167	241,906,637	221,300,988
Total assets	421,571,470	395,901,664	634,851	1,309,967	422,206,321	397,211,631
Total deferred outflows of resources	25,299,867	23,359,284	-	-	25,299,867	23,359,284
Other liabilities	21,950,442	18,753,376	166,333	558,088	22,116,775	19,311,464
Long-term liabilities outstanding	355,765,723	340,494,280	-	-	355,765,723	340,494,280
Total liabilities	377,716,165	359,247,656	166,333	558,088	377,882,498	359,805,744
Total deferred inflows of resources	12,759,035	7,860,411	-	-	12,759,035	7,860,411
Net position:						
Net investment in capital assets	34,899,863	33,672,100	-	3,167	34,899,863	33,675,267
Restricted	12,233,675	10,934,604	-	-	12,233,675	10,934,604
Unrestricted	9,262,599	7,546,177	468,518	748,712	9,731,117	8,294,889
Total net position	\$ 56,396,137	\$ 52,152,881	\$ 468,518	\$ 751,879	\$ 56,864,655	\$ 52,904,760

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide *Statement of Net Position* of \$56,864,655 at June 30, 2020 results from several factors. The increase in net position resulted primarily from an increase in capital assets as well as an increase in property tax revenue and operating grants and contributions.

The largest portion of the District's net position is net investment in capital assets. Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represents approximately 61 percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of \$11,912,159, which represents approximately 21 percent of total net position, is restricted for future debt service and grant expenditures.

Unrestricted net position of \$9,731,117 may be used to meet future obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all categories of net position for governmental and business-type activities.

Governmental Activities. Governmental activities increased the District's net position by \$4,243,256 from current operations. Key elements of this change may be determined from the table below.

Dripping Springs Independent School District's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue:						
Program revenues:						
Charges for services	\$ 4,092,980	\$ 4,591,576	\$ 1,835,110	\$ 2,334,749	\$ 5,928,090	\$ 6,926,325
Operating grants and contributions	9,115,692	7,392,516	34,476	107,897	9,150,168	7,500,413
General revenues:						
Property taxes, levied for general purposes	59,219,511	57,245,182	-	-	59,219,511	57,245,182
Property taxes, levied for debt service	19,394,281	17,166,094	-	-	19,394,281	17,166,094
Grants and contributions not restricted to specific programs	6,747,282	6,277,126	-	-	6,747,282	6,277,126
Investment earnings	3,164,304	3,523,397	72	6	3,164,376	3,523,403
Gain (loss) on sale of capital asset	-	-	-	-	-	-
Miscellaneous	254,424	235,971	-	-	254,424	235,971
Total revenues	101,988,474	96,431,862	1,869,658	2,442,652	103,858,132	98,874,514
Expenses:						
Instruction	45,855,795	41,514,027	-	-	45,855,795	41,514,027
Instructional resources and media services	852,090	865,625	-	-	852,090	865,625
Curriculum and instructional staff development	1,879,457	1,774,323	-	-	1,879,457	1,774,323
Instructional leadership	792,488	828,895	-	-	792,488	828,895
School leadership	3,777,449	3,338,191	-	-	3,777,449	3,338,191
Guidance, counseling, and evaluation services	3,086,110	2,470,727	-	-	3,086,110	2,470,727
Social work services	-	-	-	-	-	-
Health services	706,524	558,462	-	-	706,524	558,462
Student transportation	3,410,118	2,547,377	-	-	3,410,118	2,547,377
Food services	3,389,844	3,577,114	-	-	3,389,844	3,577,114
Cocurricular/extracurricular activities	3,428,037	3,409,562	-	-	3,428,037	3,409,562
General administration	3,371,767	2,883,827	-	-	3,371,767	2,883,827
Plant maintenance and operations	7,174,834	7,307,793	-	-	7,174,834	7,307,793
Security and monitoring services	444,104	450,944	-	-	444,104	450,944
Data processing services	1,529,771	1,375,644	-	-	1,529,771	1,375,644
Community services	203,734	151,175	-	-	203,734	151,175
Interest on long-term debt	11,349,324	11,121,185	-	-	11,349,324	11,121,185
Issuance costs and fees	252,669	1,487,595	-	-	252,669	1,487,595
Facilities repair and maintenance	2,068,223	55,838	-	-	2,068,223	55,838
Contracted instructional services between schools	3,613,948	8,214,196	-	-	3,613,948	8,214,196
Other intergovernmental charges	557,315	489,098	-	-	557,315	489,098
Day care	-	-	576,080	567,292	576,080	567,292
Community services	-	-	1,565,313	1,626,431	1,565,313	1,626,431
School store	-	-	13,243	12,041	13,243	12,041
Total expenses	97,743,601	94,421,598	2,154,636	2,205,764	99,898,237	96,627,362
Increase in net position before transfers	4,244,873	2,010,264	(284,978)	236,888	3,959,895	2,247,152
Transfers	(1,617)	35,735	1,617	(35,735)	-	-
Change in net position	4,243,256	2,045,999	(283,361)	201,153	3,959,895	2,247,152
Net position - beginning, as originally reported	52,152,881	50,106,882	751,879	550,726	52,904,760	50,657,608
Net position - ending	\$ 56,396,137	\$ 52,152,881	\$ 468,518	\$ 751,879	\$ 56,864,655	\$ 52,904,760

The increase in net position resulted primarily from property tax revenue increases and an increase in operating grants and contributions.

Revenues were generated primarily from two sources. Property taxes of \$78,613,792 represent approximately 76 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations, totaling \$15,897,450), represent approximately 15 percent of total revenues. The remaining 9 percent is generated from investment earnings, charges for services and miscellaneous revenues.

The primary functional expenses of the District are *Instruction* at \$45,855,795, which represents approximately 46 percent of total expenses and Interest on Long-term Debt of \$11,349,324 (approximately 11 percent), while all remaining expense categories are individually 8 percent or less of total expenses.

Business-type Activities. Business-type activities decreased the District's net position by \$283,361. Revenues decreased by \$572,994 or approximately 23 percent, primarily due to the decrease of community participation in the daycare and community education services provided. Expenditures decreased by only \$51,128, or approximately 2 percent.

Financial Analysis of the Government's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$160,799,552, an increase of \$1,011,072 from the preceding year. Comments as to each individual major fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$39,244,937, while total fund balance was \$41,729,623. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 59 percent of total general fund expenditures, while total fund balance represents approximately 62 percent of that same total. The fund balance of the general fund increased \$5,093,921 during the year, primarily due to the decrease in expenditures in contracted instructional services between schools and the increase in local and intermediate sources of revenue and federal program revenues.

The debt service fund ended the year with a total fund balance of \$16,609,336, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$497,227 during the year, primarily due to the increase in the property tax.

The capital projects fund has a total fund balance of \$101,322,920. The net decrease in fund balance during the current year in the capital projects fund was \$4,335,858 due to the increase in capital outlay expenditures for facilities acquisition and construction.

Governmental funds financial statements may be found by referring to the table of contents.

Proprietary Funds. The District's proprietary fund financial statements provided the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the District's business-type activities.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. The final budgeted expenditures increased by \$2,212,829 primarily due to the increase in instruction and related services in the current year due to growth.

There were no significant variations between the final budget and actual results.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental activities and business-type activities as of June 30, 2020 was \$241,906,637 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in investment in capital assets net of depreciation for the current fiscal year was \$20,608,816.

Dripping Springs Independent School District's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Amount	Amount	Amount	Amount	Amount	Amount
Land and improvements	\$ 8,874,093	\$ 8,738,134	\$ -	\$ -	\$ 8,874,093	\$ 8,738,134
Buildings and improvements	211,728,183	198,771,443	-	-	211,728,183	198,771,443
Furniture and equipment	6,675,912	7,025,095	-	3,167	6,675,912	7,028,262
Intangibles	343,330	363,330	-	-	343,330	363,330
Construction in progress	14,285,119	6,399,819	-	-	14,285,119	6,399,819
Totals	\$ 241,906,637	\$ 221,297,821	\$ -	\$ 3,167	\$ 241,906,637	\$ 221,300,988

Major capital asset activity during the year included the following:

- Transportation equipment \$772,686
- Construction in progress additions of \$26,688,607
- Transfer from construction in progress to depreciable buildings and improvements due to completion of construction projects of \$18,803,307

Additional information on the District's capital assets can be found in the notes to the financial statements as per the table of contents of this report.

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

Dripping Springs Independent School District's Outstanding Long-term Liabilities

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds	\$ 314,227,503	88	\$ 300,215,309	88	\$ 14,012,194	5
Notes payable	1,035,433	-	1,385,238	-	(349,805)	(25)
Net pension liability	17,662,278	6	16,978,784	6	683,494	4
Net OPEB liability	22,840,509	6	21,914,949	6	925,560	4
Totals	\$ 355,765,723	100	\$ 340,494,280	100	\$ 15,271,443	

The District's total bonded debt increased by \$14,012,194 (4.7 percent) during the current fiscal year, which resulted primarily from the issue of \$20,210,000 (par value) building bonds. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note 3.E. in the notes to the financial statements as per the table of contents of this report.

Additional information on the District's net pension liability can be found in Note 4.C. to the financial statements as indicated in the table of contents of this report.

Additional information on the District's OPEB liability can be found in Note 4.D. to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- School year (2020-2021) student enrollment is 7,350, compared to 7,211 from 2019-2020.
- District staff totals 950 employees in 2020-2021, of which 492 are teachers and 144 are teacher aides and secretaries.
- The District maintains 7 campuses for student instruction.
- Property values of the District are projected to increase 12.45% for the 2020-2021 year.
- A maintenance and operations tax rate of \$0.9832 and a debt service rate of \$0.35, for a total rate of \$1.3332, were adopted for 2020-2021.

All of these factors and others were considered in preparing the District's budget for the 2020-21 fiscal year.

During 2019-20, fund balance in the general fund increased \$5,093,921. District Policy requires the District to maintain an assigned and unassigned fund balance each fiscal year end that equals or exceeds the amount necessary to cover four months of the District's average operating expenses for the coming year. The general fund balance increase extends that coverage to more than four months of average operating expenses.

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent for Finance and Operations, Dripping Springs Independent School District, 510 West Mercer Street, Dripping Springs, Texas 78620.

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Basic Financial Statements

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Dripping Springs Independent School District

Exhibit A-1

Statement of Net Position

June 30, 2020

Data Control Codes		Primary Government		
		Governmental Activities	Business-type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 2,707,820	\$ 625,285	\$ 3,333,105
1120	Investments	172,173,685	-	172,173,685
1220	Property taxes receivables	2,166,737	-	2,166,737
1230	Allowance for uncollectable taxes	(383,371)	-	(383,371)
1240	Due from other governments	1,904,734	-	1,904,734
1250	Accrued interest	643,426	-	643,426
1265	Internal balances	1,508	(1,508)	-
1290	Other receivables	8,987	5,830	14,817
1300	Inventories	383,170	5,244	388,414
1410	Prepaid items	58,137	-	58,137
	Capital assets, not being depreciated:			
1510	Land and improvements	8,874,093	-	8,874,093
1580	Construction in progress	14,285,119	-	14,285,119
	Capital assets, net of accumulated depreciation:			
1520	Buildings and improvements	211,728,183	-	211,728,183
1530	Furniture and equipment	6,675,912	-	6,675,912
1540	Intangibles	343,330	-	343,330
1000	Total assets	421,571,470	634,851	422,206,321
DEFERRED OUTFLOWS OF RESOURCES				
1705	Deferred outflows - pension	10,053,755	-	10,053,755
1706	Deferred outflows - OPEB	8,608,595	-	8,608,595
1720	Deferred charge on refunding	6,637,517	-	6,637,517
1700	Total deferred outflows of resources	25,299,867	-	25,299,867
LIABILITIES				
2110	Accounts payable	1,253,958	3,106	1,257,064
2140	Interest payable	4,868,527	-	4,868,527
2150	Payroll deductions and withholdings	76,621	-	76,621
2160	Accrued wages payable	6,311,476	151,142	6,462,618
2180	Due to other governments	3,745,534	-	3,745,534
2200	Accrued liabilities	5,191,506	-	5,191,506
2300	Unearned revenue	502,820	12,085	514,905
	Noncurrent liabilities:			
2501	Due within one year	8,330,668	-	8,330,668
2502	Due in more than one year	306,932,268	-	306,932,268
2540	Net pension liability	17,662,278	-	17,662,278
2545	Net OPEB liability	22,840,509	-	22,840,509
2000	Total liabilities	377,716,165	166,333	377,882,498
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows - pension	2,877,892	-	2,877,892
2606	Deferred inflows - OPEB	9,881,143	-	9,881,143
2600	Total deferred inflows of resources	12,759,035	-	12,759,035
NET POSITION				
3200	Net investment in capital assets	34,899,863	-	34,899,863
3820	Restricted for grants	321,516	-	321,516
3850	Restricted for debt service	11,912,159	-	11,912,159
3900	Unrestricted	9,262,599	468,518	9,731,117
3000	TOTAL NET POSITION	\$ 56,396,137	\$ 468,518	\$ 56,864,655

The Notes to the Financial Statements are an integral part of this statement.

Dripping Springs Independent School District

Statement of Activities

For the Fiscal Year Ended June 30, 2020

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
0011	Instruction	\$ 45,855,795	\$ 1,276,849	\$ 3,692,771
0012	Instructional resources and media services	852,090	41,305	41,945
0013	Curriculum and instructional staff development	1,879,457	5,698	255,630
0021	Instructional leadership	792,488	-	55,725
0023	School leadership	3,777,449	78,425	261,334
0031	Guidance, counseling, and evaluation services	3,086,110	1,186	1,063,300
0033	Health services	706,524	1,542	41,232
0034	Student transportation	3,410,118	-	107,857
0035	Food services	3,389,844	2,091,611	580,498
0036	Cocurricular/extracurricular activities	3,428,037	439,083	558,235
0041	General administration	3,371,767	266	209,646
0051	Plant maintenance and operations	7,174,834	51,514	215,050
0052	Security and monitoring services	444,104	33,272	237,803
0053	Data processing services	1,529,771	-	49,692
0061	Community services	203,734	-	92,382
0072	Interest on long-term debt	11,349,324	-	257,900
0073	Issuance costs and fees	252,669	-	-
0081	Facilities repair and maintenance	2,068,223	-	37,439
0091	Contracted instructional services between schools	3,613,948	-	-
0099	Other intergovernmental charges	557,315	72,229	1,357,253
TG	Total governmental activities	97,743,601	4,092,980	9,115,692
Business-type activities:				
0001	Day care	576,080	325,179	8,536
0002	Community services	1,565,313	1,490,829	25,940
0003	School store	13,243	19,102	-
TB	Total business-type activities	2,154,636	1,835,110	34,476
TP	TOTAL PRIMARY GOVERNMENT	\$ 99,898,237	\$ 5,928,090	\$ 9,150,168
General revenues:				
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted to specific programs			
IE	Investment earnings			
MI	Miscellaneous			
FR	Transfers			
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) Revenue and
Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (40,886,175)	\$ -	\$ (40,886,175)
(768,840)	-	(768,840)
(1,618,129)	-	(1,618,129)
(736,763)	-	(736,763)
(3,437,690)	-	(3,437,690)
(2,021,624)	-	(2,021,624)
(663,750)	-	(663,750)
(3,302,261)	-	(3,302,261)
(717,735)	-	(717,735)
(2,430,719)	-	(2,430,719)
(3,161,855)	-	(3,161,855)
(6,908,270)	-	(6,908,270)
(173,029)	-	(173,029)
(1,480,079)	-	(1,480,079)
(111,352)	-	(111,352)
(11,091,424)	-	(11,091,424)
(252,669)	-	(252,669)
(2,030,784)	-	(2,030,784)
(3,613,948)	-	(3,613,948)
872,167	-	872,167
(84,534,929)	-	(84,534,929)
-	(242,365)	(242,365)
-	(48,544)	(48,544)
-	5,859	5,859
-	(285,050)	(285,050)
(84,534,929)	(285,050)	(84,819,979)
59,219,511	-	59,219,511
19,394,281	-	19,394,281
6,747,282	-	6,747,282
3,164,304	72	3,164,376
254,424	-	254,424
(1,617)	1,617	-
88,778,185	1,689	88,779,874
4,243,256	(283,361)	3,959,895
52,152,881	751,879	52,904,760
\$ 56,396,137	\$ 468,518	\$ 56,864,655

Dripping Springs Independent School District
 Balance Sheet
 Governmental Funds
 June 30, 2020

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 56,707	\$ 22,743
1120	Investments	50,558,512	16,609,224
1220	Property taxes receivables	1,619,603	547,134
1230	Allowance for uncollectable taxes	(279,703)	(103,668)
1240	Due from other governments	1,837,829	-
1250	Accrued interest	7,783	-
1260	Due from other funds	179,510	-
1290	Other receivables	660	-
1300	Inventories	329,325	-
1410	Prepaid items	58,137	-
1000	Total assets	54,368,363	17,075,433
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 54,368,363	\$ 17,075,433
LIABILITIES			
2110	Accounts payable	\$ 1,022,457	\$ -
2150	Payroll deductions and withholdings	182,122	-
2160	Accrued wages payable	5,967,384	-
2170	Due to other funds	356,299	-
2180	Due to other governments	3,722,699	22,631
2190	Due to student groups	-	-
2200	Accrued liabilities	25,427	-
2300	Unearned revenue	22,452	-
2000	Total liabilities	11,298,840	22,631
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - property taxes	1,339,900	443,466
	Total deferred inflows of resources	1,339,900	443,466
FUND BALANCES			
3410	Nonspendable - inventories	329,325	-
3430	Nonspendable - prepaid items	58,137	-
3450	Restricted - grants	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	16,609,336
3530	Committed - capital expenditures for equipment	1,887,165	-
3545	Committed - other	-	-
3590	Assigned - purchases on order	210,059	-
3600	Unassigned	39,244,937	-
3000	Total fund balances	41,729,623	16,609,336
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 54,368,363	\$ 17,075,433

The Notes to the Financial Statements are an integral part of this statement.

699		98
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 2,155,202	\$ 814,736	\$ 3,049,388
103,868,857	795,524	171,832,117
-	-	2,166,737
-	-	(383,371)
-	66,905	1,904,734
635,643	-	643,426
9,600	346,199	535,309
-	8,327	8,987
-	53,845	383,170
-	-	58,137
106,669,302	2,085,536	180,198,634
\$ 106,669,302	\$ 2,085,536	\$ 180,198,634
\$ 180,102	\$ 43,723	\$ 1,246,282
-	-	182,122
-	246,267	6,213,651
201	177,301	533,801
-	204	3,745,534
-	-	-
5,166,079	-	5,191,506
-	480,368	502,820
5,346,382	947,863	17,615,716
-	-	1,783,366
-	-	1,783,366
-	53,845	383,170
-	-	58,137
-	321,516	321,516
101,322,920	-	101,322,920
-	-	16,609,336
-	-	1,887,165
-	762,312	762,312
-	-	210,059
-	-	39,244,937
101,322,920	1,137,673	160,799,552
\$ 106,669,302	\$ 2,085,536	\$ 180,198,634

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Dripping Springs Independent School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2020

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1) \$ 160,799,552

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 313,949,267	
Accumulated depreciation of governmental capital assets	<u>(72,042,630)</u>	241,906,637

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 1,783,366

Long-term liabilities, including bonds payable, notes payable and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (288,104,999)	
Premiums on bonds payable	(25,826,779)	
Discounts on bonds payable	-	
Deferred charge on refunding adjustment	6,637,517	
Accreted interest on capital appreciation bonds	(295,725)	
Accrued interest on bonds	(4,844,918)	
Notes payable	(1,035,433)	
Accrued interest on notes	(23,609)	
Net pension liability	(17,662,278)	
Net OPEB liability	<u>(22,840,509)</u>	(353,996,733)

Workers' compensation fund -

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. 10,053,755

Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (2,877,892)

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. 8,608,595

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (9,881,143)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1) \$ 56,396,137

Dripping Springs Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 60,874,084	\$ 19,461,986
5800	State program revenues	9,144,598	235,269
5900	Federal program revenues	1,306,359	-
5020	Total revenues	71,325,041	19,697,255
EXPENDITURES			
Current:			
0011	Instruction	37,572,120	-
0012	Instructional resources and media services	658,895	-
0013	Curriculum and instructional staff development	1,375,744	-
0021	Instructional leadership	653,410	-
0023	School leadership	3,007,420	-
0031	Guidance, counseling, and evaluation services	1,608,228	-
0033	Health services	581,696	-
0034	Student transportation	3,071,301	-
0035	Food services	45,798	-
0036	Cocurricular/extracurricular activities	2,300,938	-
0041	General administration	2,857,009	-
0051	Plant maintenance and operations	6,104,634	-
0052	Security and monitoring services	205,039	-
0053	Data processing services	1,354,662	-
0061	Community services	105,810	-
Debt service:			
0071	Principal on long-term debt	1,089,273	7,050,000
0072	Interest on long-term debt	40,933	12,138,700
0073	Issuance costs and fees	750	11,376
Capital outlay:			
0081	Facilities acquisition and construction	156,428	-
Intergovernmental:			
0091	Contracted instructional services between schools	3,613,948	-
0099	Other intergovernmental charges	557,315	-
6030	Total expenditures	66,961,351	19,200,076
1100	Excess (deficiency) of revenues over (under) expenditures	4,363,690	497,179
OTHER FINANCING SOURCES (USES)			
7911	Issuance of bonds	-	-
7914	Loan proceeds	731,848	-
7915	Transfers in	618,104	-
7916	Premium or discount on issuance of bonds	-	48
8911	Transfers out	(619,721)	-
7080	Total other financing sources (uses)	730,231	48
1200	Net change in fund balances	5,093,921	497,227
0100	Fund balances - beginning	36,635,702	16,112,109
3000	FUND BALANCES - ENDING	\$ 41,729,623	\$ 16,609,336

The Notes to the Financial Statements are an integral part of this statement.

699		
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 2,083,957	\$ 3,612,441	\$ 86,032,468
2,158	456,014	9,838,039
-	1,758,013	3,064,372
<hr/>	<hr/>	<hr/>
2,086,115	5,826,468	98,934,879
-	1,503,452	39,075,572
-	38,707	697,602
-	144,880	1,520,624
-	8,577	661,987
-	98,801	3,106,221
-	764,418	2,372,646
-	2,161	583,857
-	4,750	3,076,051
-	2,697,047	2,742,845
-	489,408	2,790,346
-	10,746	2,867,755
-	122,247	6,226,881
2,095	178,784	385,918
467,973	6,663	1,829,298
-	45	105,855
-	-	8,139,273
-	-	12,179,633
240,543	-	252,669
27,952,550	-	28,108,978
-	-	3,613,948
-	-	557,315
<hr/>	<hr/>	<hr/>
28,663,161	6,070,686	120,895,274
(26,577,046)	(244,218)	(21,960,395)
20,210,000	-	20,210,000
-	-	731,848
-	-	618,104
2,031,188	-	2,031,236
-	-	(619,721)
<hr/>	<hr/>	<hr/>
22,241,188	-	22,971,467
(4,335,858)	(244,218)	1,011,072
105,658,778	1,381,891	159,788,480
<hr/>	<hr/>	<hr/>
\$ 101,322,920	\$ 1,137,673	\$ 160,799,552

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

Exhibit C-3

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2) \$ 1,011,072

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Capital assets increased	\$ 27,839,430	
Depreciation expense	<u>(7,230,614)</u>	20,608,816

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a decrease to net position.

-

Because some property taxes will not be collected for several months after the ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.

575,009

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par value	\$ (20,210,000)	
Premium	<u>(2,031,236)</u>	(22,241,236)

Payment to the escrow agent to refund bonds from refunding proceeds reduces long-term liabilities.

-

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

6,270,000

Issuance of notes payable provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

(731,848)

Repayment of notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,081,653

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in interest reported in the statement of activities consists of the following:

Accrued interest on bonds payable increased	\$ 277,736	
Interest accreted on the capital appreciation bonds increased	763,850	
Amortization of bond premium and discount	1,195,192	
Amortization of deferred charge on refunding	(618,956)	
Accrued interest on notes payable decreased	<u>107</u>	1,617,929

The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities, but does not require the use of current financial resources and, therefore, is not reported as revenue or expenditures in the governmental funds.

The net change consists of the following:

Deferred outflows increased (decreased)	\$ (263,064)	
Deferred inflows (increased) decreased	(1,947,516)	
Net pension liability (increased) decreased	<u>(683,494)</u>	(2,894,074)

The net change in net OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities, but does not require the use of current financial resources and, therefore, is not reported as revenue or expenditures in the governmental funds.

The net change consists of the following:

Deferred outflows increased (decreased)	\$ 2,822,603	
Deferred inflows (increased) decreased	(2,951,108)	
Net OPEB liability (increased) decreased	<u>(925,560)</u>	(1,054,065)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1) \$ 4,243,256

The accompanying notes are an integral part of this statement.

The Notes to the Financial Statements are an integral part of this statement.

Dripping Springs Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit D-1

<u>Data Control Codes</u>		<u>Nonmajor Enterprise Funds</u>
ASSETS		
	Current assets:	
1110	Cash and cash equivalents	\$ 625,285
1290	Other receivables	5,830
1300	Inventories	5,244
	Total current assets	<u>636,359</u>
	Noncurrent assets:	
	Capital assets:	
1530	Furniture and equipment	15,831
1570	Accumulated depreciation	<u>(15,831)</u>
	Total noncurrent assets	<u>-</u>
1000	Total assets	636,359
LIABILITIES		
	Current liabilities:	
2110	Accounts payable	3,106
2160	Accrued wages payable	151,142
2170	Due to other funds	1,508
2300	Unearned revenue	12,085
	Total current liabilities	<u>167,841</u>
2000	Total liabilities	167,841
NET POSITION		
3200	Net investment in capital assets	-
3900	Unrestricted	<u>468,518</u>
3000	TOTAL NET POSITION	<u><u>\$ 468,518</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Dripping Springs Independent School District
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

Exhibit D-2

Data Control Codes		Nonmajor Enterprise Funds
OPERATING REVENUES		
5700	Local and intermediate sources	\$ 1,835,110
5800	State program revenues	34,476
5020	Total operating revenues	1,869,586
OPERATING EXPENSES		
6100	Payroll costs	1,725,165
6200	Professional and contracted services	335,650
6300	Supplies and materials	57,794
6400	Other operating costs	32,860
6449	Depreciation	3,167
6030	Total operating expenses	2,154,636
1100	Operating loss	(285,050)
NONOPERATING REVENUES (EXPENSES)		
7955	Earnings from temporary investments	72
7080	Total nonoperating revenues (expenses)	72
	Loss before contributions and transfers	(284,978)
7915	Transfers in	455,252
8911	Transfers out	(453,635)
1200	Change in net position	(283,361)
0100	Net position - beginning	751,879
3000	NET POSITION - ENDING	\$ 468,518

The Notes to the Financial Statements are an integral part of this statement.

Dripping Springs Independent School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

Exhibit D-3

	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services provided	\$ 2,036,190
Cash payments for employees	(2,082,167)
Cash payments for goods and services	(129,235)
	<hr/>
Net cash provided (used) by operating activities	(175,212)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	455,252
Transfers to other funds	(453,635)
	<hr/>
Net cash provided (used) by noncapital financing activities	1,617
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received on investments	72
	<hr/>
Net cash provided (used) by investing activities	72
	<hr/>
Net increase (decrease) in cash and cash equivalents	(173,523)
Cash and cash equivalents - beginning	798,808
	<hr/>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 625,285</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (285,050)
Depreciation expense	3,167
Change in assets and liabilities:	
Increase in due from other funds	762,240
Decrease in inventory	22
Increase in accounts payable	(34,913)
Decrease in payroll deductions and withholdings	(17,087)
Decrease in accrued wages payable	(4,265)
Increase in due to other funds	(263,836)
Increase in unearned revenue	(335,490)
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (175,212)</u>

The Notes to the Financial Statements are an integral part of this statement.

Dripping Springs Independent School District
Statement of Net Position
Fiduciary Funds
June 30, 2020

Exhibit E-1

<u>Data Control Codes</u>		<u>810 Private-Purpose Trust Fund Scholarship Fund</u>	<u>865 Agency Fund Student Activity</u>
	ASSETS		
1110	Cash and cash equivalents	\$ -	\$ 111,489
1120	Investments	39,188	-
1260	Due from other funds	-	18,171
		<hr/>	<hr/>
1000	TOTAL ASSETS	39,188	<u><u>\$ 129,660</u></u>
	LIABILITIES		
2170	Due to other funds	500	-
2190	Due to student groups	-	129,660
		<hr/>	<hr/>
2000	TOTAL LIABILITIES	500	<u><u>\$ 129,660</u></u>
	NET POSITION		
3800	Held in trust for private purpose	<hr/> 38,688	
3000	TOTAL NET POSITION	<u><u>\$ 38,688</u></u>	

The Notes to the Financial Statements are an integral part of this statement.

Dripping Springs Independent School District
Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2020

Exhibit E-2

<u>Data Control Codes</u>		<u>810 Private-Purpose Trust Fund Scholarship Fund</u>
	ADDITIONS	
5700	Local and intermediate sources	\$ 666
	Total additions	666
	DEDUCTIONS	
6499	Scholarships	3,500
	Total deductions	3,500
	Change in net position	(2,834)
	Net position - beginning	41,522
	NET POSITION - ENDING	<u>\$ 38,688</u>

The Notes to the Financial Statements are an integral part of this statement.

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Dripping Springs Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide 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 primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately for *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The Dripping Springs Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

Dripping Springs Independent School District

Notes to the Financial Statements

Additionally, the District reports the following fund types:

The *enterprise funds* are proprietary funds used to account for the operations of the District's day care fund, community services fund, and school store.

Private purpose trust funds are used to account for resources legally held in trust under which principal and income benefit individuals, private organizations or other governments. The District's private-purpose trust funds represent scholarship funds being held in trust for students.

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 District considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Dripping Springs Independent School District

Notes to the Financial Statements

Investment earnings associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary funds have no measurement focus but utilize the accrual basis of accounting for reporting their assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, bank demand or time deposits with original maturities of three months or less from the date of acquisition, and money market mutual funds.

2. Investments

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Dripping Springs Independent School District

Notes to the Financial Statements

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Building and improvements	10-50
Furniture and equipment	5-20

5. *Deferred Outflows/Inflows of Resources*

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB Plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

6. *Compensated Vacation and Sick*

The District has a policy that allows nonexempt employees to accrue vacation days, up to a maximum of fifteen vacation days, for which they can be compensated for at their current daily rate upon separation from or change of employment with the District. It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. An employee who retires from employment with the District shall be eligible for reimbursement for local leave as long as the employee's retirement is voluntary, i.e., the employee is retiring under the Teacher Retirement System of Texas (TRS) and is not being discharged or nonrenewed. The employee shall be reimbursed for each day of local leave at a rate established by the Board. If the employee is reemployed with the District, days for which the employee received payment shall not be available to that employee. Per governmental accounting standards, a liability for these amounts is reported in governmental funds only if they have met the District's requirements and State's retirement eligibility requirements. A liability for such amounts is insignificant and has not been included in the financial statements.

Dripping Springs Independent School District

Notes to the Financial Statements

7. Net Position Flow Assumption

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

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the general fund, the District shall maintain at a minimum an assigned and unassigned fund balance equal to or exceeding four months of total annual operating expenditures.

10. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net 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 Pension Plan fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Dripping Springs Independent School District

Notes to the Financial Statements

11. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the HAYS/Travis County Central Appraisal District as of January 1 of each year. Prior to July 1 of each year, the District adopts its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are tuition and sales of services provided. Operating expenses for the enterprise funds include payroll cost, professional and contracted services, supplies and materials, depreciation and other operating costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Use of Estimates

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

I. Data Control Codes

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

Dripping Springs Independent School District

Notes to the Financial Statements

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *National School Breakfast/Lunch Program* special revenue fund, and debt service fund. All annual appropriations lapse at fiscal year end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General fund	\$ -	\$ 1,887,165	\$ 210,059
National school breakfast and lunch	321,516	-	-
Capital projects fund	13,718,153	-	-
Total nonmajor funds	-	762,312	-
Total encumbrances	\$ 14,039,669	\$ 2,649,477	\$ 210,059

Dripping Springs Independent School District

Notes to the Financial Statements

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations; 8) Commercial paper if it has a stated maturity of 271 days or fewer from the day of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit ratings agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 9) Securities lending program as permitted by Government Code 2256.0115; 10) Fully collateralized repurchase agreements permitted by Government Code 2256.011.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

Dripping Springs Independent School District

Notes to the Financial Statements

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of June 30, 2020, the District had the following governmental, proprietary, and fiduciary fund investments:

	June 30, 2020	Measurement Using Quoted Prices in Active Markets For Identical Assets (Level 1)	Percent of Total Investments	Weighted Average Maturity (Days)	Weighted Average Credit Risk
Investments measured at amortized cost, not subject to level reporting:					
Investment pools:					
TexPool - LGIP	-	-	0%	33	AAAm*
Texas DAILY	\$ 13,918,969	\$ 13,918,969	8%	55	AAAm*
Investments measured at fair value, not subject to level reporting:					
Investment pools:					
Texas CLASS	61,015,489	61,015,489	35%	51	AAAm*
Texas TERM	90,000,000	90,000,000	52%	67	AAAf/AAAkf*
TexSTAR	373	373	0%	31	AAAm*
Money market mutual funds	29,030	29,030	0%	1	Not Rated
Investments measured at fair value, subject to level reporting:					
Certificates of deposit	2,126,070	2,126,070	1%	48	Not Rated
Municipal bonds	1,510,389	1,510,389	1%	275	AA, A+*
FFCB (Federal Farm Credit Bank)	476,092	476,092	0%	299	AA+*
FHLB (Federal Home Loan Bank)	1,702,139	1,702,139	1%	382	AA+*
FNMA (Federal Natl Mtg Assn)	1,395,134	1,395,134	1%	410	AA+*
Total investments	\$ 172,173,685	\$ 172,173,685	100%		
Cash and checking accounts	3,333,105				
Total cash and cash equivalents and investments	\$ 175,506,790				

Portfolio weighted average maturity

64

*Standard & Poor's Rating

The TexPool and Texas DAILY investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. These investment pools have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Dripping Springs Independent School District

Notes to the Financial Statements

The Texas CLASS, TexStar and Texas TERM investment pools are external investment pools measured at fair value, i.e. their net asset value. Such investment pool's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Such investment pools have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Money Market Mutual Funds are Institutional Prime and Institutional Tax Exempt money market mutual funds required to price and transact at a net asset value per share that fluctuate based upon the pricing of the underlying portfolio of securities. Such funds are not subject to level reporting of the fair value hierarchy.

Certificates of Deposit, municipal bonds, and federal agencies are classified in Level 2 of the fair value hierarchy valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Credit Risk

At year-end, the District's investments with ratings are included in the table above. Certificates of deposit are fully insured through FDIC. The credit risk for investments was acceptable per legal guidelines prescribed in both the PFIA and the District's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed three years from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2020, District's banks' balances of \$3,682,310 were not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. District policy requires investments to be in the District's name or held by the District's agent in the District's name. The District is not exposed to custodial risk due to the investments are in the District's name or held by the District's agent in the District's name.

Dripping Springs Independent School District

Notes to the Financial Statements

B. Receivables

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$ 27,425
Change in uncollectibles related to debt service property taxes	<u>11,947</u>
Total change in uncollectibles of the current fiscal year	<u><u>\$ 39,372</u></u>

C. Interfund Receivables, Payables, and Transfers

1. Receivables/Payables

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General fund	\$ 179,510	\$ 373,970
Capital projects fund	9,600	201
Nonmajor governmental funds	<u>346,199</u>	<u>177,301</u>
Total governmental funds	535,309	551,472
Proprietary funds:		
Nonmajor enterprise funds	<u>-</u>	<u>1,508</u>
Total proprietary funds	-	1,508
Fiduciary Funds:		
General fund	<u>18,171</u>	<u>500</u>
Total proprietary funds	<u>18,171</u>	<u>500</u>
Total - all funds	<u><u>\$ 553,480</u></u>	<u><u>\$ 553,480</u></u>

Interfund balances consist of short-term lending/borrowing arrangements that generally result from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

Dripping Springs Independent School District

Notes to the Financial Statements

2. Transfers

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District’s transfers for the fiscal year ended June 30, 2020:

Funds	Transfer In	Transfer Out
General fund	\$ 618,104	\$ 619,721
Nonmajor enterprise funds	455,252	453,635
Totals	\$ 1,073,356	\$ 1,073,356

Transfers into the general fund are made from the enterprise funds to supplement the school’s primary operations.

D. Capital Assets

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

	Beginning Balance	Additions	Transfers, Adjustments and Dispositions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 8,738,134	\$ 135,959	\$ -	\$ 8,874,093
Construction in progress	6,399,819	26,688,607	(18,803,307)	14,285,119
Total capital assets, not being depreciated	15,137,953	26,824,566	(18,803,307)	23,159,212
Capital assets, being depreciated:				
Buildings and improvements	252,423,544	93,203	18,803,307	271,320,054
Furniture and equipment	18,148,340	921,661	-	19,070,001
Intangibles	400,000	-	-	400,000
Total capital assets, being depreciated	270,971,884	1,014,864	18,803,307	290,790,055
Less accumulated depreciation for:				
Buildings and improvements	(53,652,101)	(5,939,770)	-	(59,591,871)
Furniture and equipment	(11,123,245)	(1,270,844)	-	(12,394,089)
Intangibles	(36,670)	(20,000)	-	(56,670)
Total accumulated depreciation	(64,812,016)	(7,230,614)	-	(72,042,630)
Total capital assets, being depreciated, net	206,159,868	(6,215,750)	18,803,307	218,747,425
Governmental activities capital assets, net	\$ 221,297,821	\$ 20,608,816	\$ -	\$ 241,906,637
Business-type activities:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 15,831	\$ -	\$ -	\$ 15,831
Total capital assets, being depreciated	15,831	-	-	15,831
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Furniture and equipment	(12,664)	(3,167)	-	(15,831)
Total accumulated depreciation	(12,664)	(3,167)	-	(15,831)
Total capital assets, being depreciated, net	3,167	(3,167)	-	-
Business-type activities capital assets, net	\$ 3,167	\$ (3,167)	\$ -	\$ -

Dripping Springs Independent School District

Notes to the Financial Statements

Depreciation expense of the governmental activities and the business-type activities was charged to functions/programs of the District as follows:

Governmental activities:	
11 Instruction	3,916,292
12 Instructional resources and media services	103,338
13 Curriculum and instructional staff development	181,377
21 Instructional leadership	81,512
23 School leadership	328,526
31 Guidance, counseling, and evaluation services	214,007
33 Health services	57,203
34 Student transportation	258,275
35 Food services	359,819
36 Cocurricular/extracurricular activities	422,733
41 General administration	292,117
51 Plant maintenance and operations	826,747
52 Security and monitoring services	54,915
53 Data processing services	128,319
61 Community services	5,434
	<hr/>
Total depreciation expense-governmental activities	\$ 7,230,614
	<hr/> <hr/>
Business-type activities:	
Community education	\$ 3,167
	<hr/>
Total depreciation expense-business-type activities	\$ 3,167
	<hr/> <hr/>

Construction Commitments

The District has active construction projects as of June 30, 2020. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
<hr/>	<hr/>	<hr/>
DSMS Renovation	\$ 248,375	\$ 100,357
Elementary #5	3,793,790	30,925,776
Transportation Center Renovation	175,068	2,843,694
WSES Renovation	2,941,303	3,832,225
	<hr/>	<hr/>
Totals	\$ 7,158,536	\$ 37,702,052
	<hr/> <hr/>	<hr/> <hr/>

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

Dripping Springs Independent School District

Notes to the Financial Statements

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, notes payable and net pension and OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 274,164,999	\$ 20,210,000	\$ (6,270,000)	\$ 288,104,999	\$ 7,810,000
Accreted interest on capital appreciation bonds	1,059,575	16,150	(780,000)	295,725	-
Issuance premiums	24,990,735	2,030,591	(1,194,547)	25,826,779	-
Total bonds payable	300,215,309	22,256,741	(8,244,547)	314,227,503	7,810,000
Notes payable	1,385,238	731,848	(1,081,653)	1,035,433	520,668
Net pension liability	16,978,784	4,280,485	(3,596,991)	17,662,278	-
Net OPEB liability	21,914,949	4,685,422	(3,759,862)	22,840,509	-
Governmental activities long-term liabilities	\$ 340,494,280	\$ 31,954,496	\$ (16,683,053)	\$ 355,765,723	\$ 8,330,668

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as current interest or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate Payable	Amounts Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2007 REF CAB	9.47%	\$ 29,999	2022	\$ 29,999	\$ -	\$ -	\$ 29,999
2010 REF	2.00-4.00%	10,380,000	2021	5,035,000	-	(1,650,000)	3,385,000
2012A REF	2.00-3.00%	8,785,000	2026	7,935,000	-	(460,000)	7,475,000
2012A REF CAB	2.05%	20,000	2019	20,000	-	(20,000)	-
2013 REF	1.125-5.00%	15,500,000	2030	8,070,000	-	-	8,070,000
2014 BLDG & REF	2.00-5.00%	163,475,000	2044	152,355,000	-	(4,140,000)	148,215,000
2018 BLDG	3.00-5.00%	100,720,000	2048	100,720,000	-	-	100,720,000
2019 BLDG	3.00-5.00%	20,210,000	2044	-	20,210,000	-	20,210,000
Totals				\$ 274,164,999	\$ 20,210,000	\$ (6,270,000)	\$ 288,104,999

Dripping Springs Independent School District

Notes to the Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30,	Principal Value at Maturity	Interest	Total Requirements
2021	\$ 7,810,000	\$ 12,805,055	\$ 20,615,055
2022	9,419,999	12,657,852	22,077,851
2023	8,710,000	11,944,800	20,654,800
2024	9,480,000	11,524,900	21,004,900
2025	9,905,000	11,092,025	20,997,025
2026	10,370,000	10,638,600	21,008,600
2027	11,105,000	10,156,625	21,261,625
2028	11,375,000	9,628,700	21,003,700
2029	11,840,000	9,162,700	21,002,700
2030	12,335,000	8,669,850	21,004,850
2031	14,555,000	8,140,675	22,695,675
2032	13,560,000	7,545,200	21,105,200
2033	14,130,000	6,964,150	21,094,150
2034	8,305,000	6,408,350	14,713,350
2035	8,670,000	6,052,300	14,722,300
2036	9,050,000	5,680,250	14,730,250
2037	9,430,000	5,291,450	14,721,450
2038	9,825,000	4,924,500	14,749,500
2039	10,265,000	4,494,300	14,759,300
2040	10,730,000	4,044,350	14,774,350
2041	11,210,000	3,573,550	14,783,550
2042	11,715,000	3,081,200	14,796,200
2043	12,240,000	2,566,150	14,806,150
2044	12,795,000	2,027,450	14,822,450
2045	6,780,000	1,463,750	8,243,750
2046	7,125,000	1,124,750	8,249,750
2047	7,495,000	768,500	8,263,500
2048	7,875,000	393,750	8,268,750
Totals	\$ 288,104,999	\$ 182,825,732	\$ 470,930,731

As of June 30, 2020, the District had no authorized but unissued bonds.

As of June 30, 2020, the District does not have any defeased bonds outstanding.

Dripping Springs Independent School District

Notes to the Financial Statements

Notes Payable

The District issued notes to provide new buses for pupil transportation and technology purchases for students. The following is a summary of changes in the note payable for the fiscal year:

Issue	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
Technology equipment note (2)*	2.09%	\$ 558,896	2019	\$ 136,864	\$ -	\$ (136,864)	\$ -
School bus note agreements (4)*	2.60%	1,682,007	2020	425,675	-	(425,675)	-
School bus note agreement (6)*	2.55%	731,848	2022	-	731,848	(188,756)	543,092
School bus note agreements (5)*	3.85%	535,136	2021	406,477	-	(126,717)	279,760
Technology equipment note (4)*	2.49%	638,136	2020	416,222	-	(203,641)	212,581
Totals				\$ 1,385,238	\$ 731,848	\$(1,081,653)	\$ 1,035,433

* The notes payable above are secured by a first lien on the assets purchased with the loan proceeds, which includes school buses and computer equipment.

Annual debt service requirements to maturity for the note payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2021	520,668	33,509	554,177
2022	317,644	14,610	332,254
2023	197,121	4,734	201,855
Totals	\$ 1,035,433	\$ 52,853	\$ 1,088,286

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Total nonmajor funds:	
Campus activities	762,312
Total committed for other purposes	\$ 762,312

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Property taxes	\$ 58,790,369	\$ 19,248,414	\$ -	\$ -	\$ 78,038,783
Investment earnings	835,460	213,572	2,083,957	31,315	3,164,304
Charges for services	1,079,690	-	-	2,998,049	4,077,739
Other	168,565	-	-	583,077	751,642
Totals	\$ 60,874,084	\$ 19,461,986	\$ 2,083,957	\$ 3,612,441	\$ 86,032,468

Dripping Springs Independent School District

Notes to the Financial Statements

Note 4. Other Information

A. Risk Management

Workers' Compensation and Property/Liability Losses

The District participates in the Texas Association of School Boards Risk Management Fund ("Fund") Workers' Compensation and Property/Liability Program. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its coverages and transfers the risk to the Fund. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the pool. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

During the fiscal year ended June 30, 2020, the District contributed a premium of \$300 per month per employee towards the cost of health care for those who elected to participate in the TRS health care plan.

B. Litigation and Contingencies

The District is a defendant in legal claims arising principally in its normal course of operations. Although the outcome of the claims are not presently determinable, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the District's financial position.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2020, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the Texas Education Agency of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Dripping Springs Independent School District

Notes to the Financial Statements

Benefits Provided

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

Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Rates for such plan fiscal years are as follows:

	2020	2019
Member	7.7%	7.7%
Non-employer contribution entity (State)	7.5%	6.8%
Employers (District)	7.5%	6.8%
Employers (District - Non-OASDI)*	1.5%	1.5%

*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12, only those employers not participating in social security were required to pay a 1.5% contributions (Non-OASDI surcharge). Beginning September 1, 2019 all employers are required to pay the Public Education Employer contribution irrespective of participation in social security.

The contribution amounts for the District's fiscal year 2020 are as follows:

District contributions	\$ 1,219,532
Member contributions	3,508,490
NECE on-behalf contributions (State)	2,741,629

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

Dripping Springs Independent School District

Notes to the Financial Statements

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, 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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

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

At June 30, 2020, the District reported a liability of \$17,662,278 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	\$ 17,662,278
State's proportionate share of the net pension liability associated with the District	<u>32,133,502</u>
Total	<u><u>\$ 49,795,780</u></u>

The net pension liability was 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 August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the District's proportion of the collective net pension liability was 0.0339769%, which was an increase of 0.00313% from its proportion measured as of August 31, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$9,161,326 and revenue of \$5,047,720 for support provided by the State.

Dripping Springs Independent School District

Notes to the Financial Statements

At June 30, 2020, the District reported 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 experience	\$ 74,197	\$ 613,262
Changes of assumptions	5,479,706	2,264,474
Difference between projected and actual earnings on pension plan investments	177,350	
Changes in proportion and differences between District's contributions and the proportionate share of contributions	3,301,644	156
District contributions paid subsequent to the measurement date	1,020,858	-
Totals	\$ 10,053,755	\$ 2,877,892

\$1,020,858 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30,	
2021	\$ 1,510,384
2022	1,302,464
2023	1,455,715
2024	1,345,814
2025	635,794
Thereafter	(95,166)
Total	\$ 6,155,005

Dripping Springs Independent School District

Notes to the Financial Statements

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	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 postemployment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employing Mortality Tables for males and females with full generational mortality. 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 projection scale U-MP.

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2018 and adopted in July 2018.

Dripping Springs Independent School District

Notes to the Financial Statements

Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. 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. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Arithmetic Real Rate of Return
Global equity:		
U.S.	18.00%	5.70%
Non-U.S. developed	13.00%	6.90%
Emerging markets	9.00%	8.95%
Directional hedge funds	4.00%	3.53%
Private equity	13.00%	10.18%
Stable value:		
U.S. treasuries	11.00%	1.11%
Stable value hedge funds	4.00%	3.09%
Real return:		
Global inflation linked bonds	3.00%	0.70%
Real estate	14.00%	5.21%
Energy, natural resources and infrastructure	5.00%	7.48%
Risk parity:		
Risk parity	5.00%	3.70%
Asset allocation leverage cash	1.00%	(0.30)
Totals	100.00%	

*FY 2019 target allocation based on the strategic asset allocation dated 10/1/2018

Dripping Springs Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District proportionate share of the net pension liability	\$ 27,149,487	\$ 17,662,278	\$ 9,975,807

Change of Assumptions since the Prior Measurement Date

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB3 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.

Change of Benefit Terms since the Prior Measurement Date

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

D. Defined Other Postemployment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS 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.

Dripping Springs Independent School District

Notes to the Financial Statements

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

TRS-Care Monthly Plan Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the State’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	2020	2019
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

* Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District’s fiscal year 2020 are as follows:

District contributions	\$ 359,606
Member contributions	296,171
NECE on-behalf contributions (State)	666,347

In addition, the State of Texas contributed \$196,442, \$121,487 and \$133,325 in 2020, 2019, and 2018, respectively, for on-behalf payments for Medicare Part D.

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

Dripping Springs Independent School District

Notes to the Financial Statements

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

At June 30, 2020, the District reported a liability of \$22,840,509 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$ 22,840,509
State's proportionate share of the net OPEB liability associated with the District	<u>30,349,927</u>
Total	<u><u>\$ 53,190,436</u></u>

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

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.0482976%, which was an increase of 0.004407% from its proportion measured as of August 31, 2018.

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$2,213,570 and revenue of \$799,899 for support provided by the State.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 1,120,521	\$ 3,737,607
Changes of assumptions	1,268,612	6,143,536
Difference between projected and actual earnings on OPEB plan investments	2,464	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	5,916,635	-
District contributions paid subsequent to the measurement date	<u>300,363</u>	<u>-</u>
Totals	<u><u>\$ 8,608,595</u></u>	<u><u>\$ 9,881,143</u></u>

Dripping Springs Independent School District

Notes to the Financial Statements

\$300,363 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2021	\$	(462,591)
2022		(462,591)
2023		(463,389)
2024		(463,845)
2025		(463,722)
Thereafter		743,227
Total	\$	(1,572,911)

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability 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. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

See Note 4 C. Defined Benefit Pension Plan for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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

Dripping Springs Independent School District

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	2.63%
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 claims costs.
Ad hoc postemployment 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%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability at August 31, 2019. This was a decrease of 1.06% in the discount rate since the August 31, 2018 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The 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".

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
	<hr/>	<hr/>	<hr/>
District's proportionate share of the net OPEB liability	\$ 27,575,823	\$ 22,840,509	\$ 19,136,068

Dripping Springs Independent School District

Notes to the Financial Statements

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 18,632,486	\$ 22,840,509	\$ 28,477,327

Change of Assumptions since the Prior Measurement Date

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

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

Change of Benefit Terms since the Prior Measurement Date

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

E. Nonmonetary Transactions

During the fiscal year ended June 30, 2020, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$68,855. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$68,855 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

F. Subsequent Events

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District's operations and financial results at this time.

Required Supplementary Information

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Dripping Springs Independent School District
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 58,642,500	\$ 60,440,418	\$ 60,874,084	\$ 433,666
5800	State program revenues	6,263,995	7,017,075	9,144,598	2,127,523
5900	Federal program revenues	558,100	1,158,100	1,306,359	148,259
5020	Total revenues	65,464,595	68,615,593	71,325,041	2,709,448
EXPENDITURES					
Current:					
0011	Instruction	36,877,645	37,854,872	37,572,120	282,752
0012	Instructional resources and media services	685,608	724,891	658,895	65,996
0013	Curriculum and instructional staff development	1,399,021	1,594,557	1,375,744	218,813
0021	Instructional leadership	753,827	734,047	653,410	80,637
0023	School leadership	2,885,559	3,096,085	3,007,420	88,665
0031	Guidance, counseling, and evaluation services	1,881,438	1,703,200	1,608,228	94,972
0032	Social work services	-	-	-	-
0033	Health services	483,457	610,688	581,696	28,992
0034	Student transportation	2,501,496	2,499,155	3,071,301	(572,146)
0035	Food services	-	62,651	45,798	16,853
0036	Cocurricular/extracurricular activities	2,393,275	2,521,088	2,300,938	220,150
0041	General administration	2,742,947	2,851,637	2,857,009	(5,372)
0051	Plant maintenance and operations	6,825,500	6,420,203	6,104,634	315,569
0052	Security and monitoring services	564,877	398,885	205,039	193,846
0053	Data processing services	1,350,225	1,431,411	1,354,662	76,749
0061	Community services	4,100	119,250	105,810	13,440
Debt service:					
0071	Principal on long-term debt	1,095,217	1,092,321	1,089,273	3,048
0072	Interest on long-term debt	38,450	41,350	40,933	417
0073	Issuance costs and fees	-	751	750	1
Capital outlay:					
0081	Facilities acquisition and construction	40,000	209,692	156,428	53,264
Intergovernmental:					
0091	Contracted instructional services between schools	3,110,703	3,220,000	3,613,948	(393,948)
0093	Payments related to shared service arrangements	-	-	-	-
0095	Payments to juvenile justice alternative education programs	-	-	-	-
0099	Other intergovernmental charges	-	659,440	557,315	102,125
6030	Total expenditures	65,633,345	67,846,174	66,961,351	884,823
1100	Excess (deficiency) of revenues over (under) expenditures	(168,750)	769,419	4,363,690	3,594,271
OTHER FINANCING SOURCES (USES)					
7901	Refunding bonds issued	-	-	-	-
7911	Issuance of bonds	-	-	-	-
7912	Sale of real and personal property	-	-	-	-
7913	Proceeds from capital leases	-	-	-	-
7914	Loan proceeds	-	-	731,848	731,848
7915	Transfers in	100,000	100,000	618,104	518,104
7916	Premium or discount on issuance of bonds	-	-	-	-
8911	Transfers out	(95,000)	(619,723)	(619,721)	2
8912	Special items	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total other financing sources (uses)	5,000	(519,723)	730,231	1,249,954
1200	Net change in fund balance	(163,750)	249,696	5,093,921	4,844,225
0100	Fund balance - beginning	36,635,702	36,635,702	36,635,702	-
3000	FUND BALANCE - ENDING	\$ 36,471,952	\$ 36,885,398	\$ 41,729,623	\$ 4,844,225

The Notes to the Required Supplementary Information are an integral part of this schedule.

Dripping Springs Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas For the Last Six Fiscal Years*

	<u>2020</u>
District's proportion of the net pension liability	0.0000000%
District's proportionate share of the net pension liability	\$ 17,662,278
State's proportionate share of the net pension liability associated with the District	<u>32,133,502</u>
TOTALS	<u><u>\$ 49,795,780</u></u>
District's covered payroll	\$ 43,608,941
District's proportionate share of the net pension liability as a percentage of its covered payroll	40.50%
Plan fiduciary net position as a percentage of the total pension liability	75.24%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31, of the prior year. Ten years of data is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0308467%	0.0262152%	0.0257438%	0.0255043%	0.0140178%
\$ 16,978,784	\$ 8,382,196	\$ 9,728,215	\$ 9,015,431	\$ 3,744,349
<u>32,388,621</u>	<u>17,797,416</u>	<u>20,543,877</u>	<u>18,646,405</u>	<u>15,412,537</u>
<u>\$ 49,367,405</u>	<u>\$ 26,179,612</u>	<u>\$ 30,272,092</u>	<u>\$ 27,661,836</u>	<u>\$ 19,156,886</u>
\$ 37,988,381	\$ 33,272,798	\$ 31,412,048	\$ 28,723,431	\$ 26,319,795
44.69%	25.19%	30.97%	31.39%	14.23%
73.74%	82.17%	78.00%	78.43%	83.25%

Dripping Springs Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas Pension Plan
 For the Last Six Fiscal Years*

	<u>2020</u>
Contractually required contributions	\$ 1,219,532
Contributions in relation to the contractually required contributions	<u>(1,219,532)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u><u>\$ -</u></u>
District's covered payroll	\$ 45,564,769
Contribution as a percentage of covered payroll	2.68%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
 Ten years of data is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,167,014	\$ 1,000,556	\$ 848,471	\$ 807,576	\$ 687,849
<u>(1,167,014)</u>	<u>(1,000,556)</u>	<u>(848,471)</u>	<u>(807,576)</u>	<u>(687,849)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 42,985,292	\$ 37,089,075	\$ 32,874,150	\$ 30,989,263	\$ 28,281,694
2.71%	2.70%	2.58%	2.61%	2.43%

Dripping Springs Independent School District

Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas For the Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.0482976%	0.0438905%	0.0366472%
District's proportionate share of the net OPEB liability	\$ 22,840,509	\$ 21,914,949	\$ 15,936,476
State's proportionate share of the net OPEB liability associated with the District	<u>30,349,927</u>	<u>33,497,295</u>	<u>27,089,755</u>
TOTALS	<u>\$ 53,190,436</u>	<u>\$ 55,412,244</u>	<u>\$ 43,026,231</u>
District's covered payroll	\$ 43,608,941	\$ 37,988,381	\$ 33,272,798
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	52.38%	57.69%	47.90%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31, of the prior year. Ten years of data is not available.

Dripping Springs Independent School District

Exhibit G-5

Schedule of the District's Contributions to the
Teacher Retirement System of Texas OPEB Plan
For the Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 359,606	\$ 334,495	\$ 282,287
Contributions in relation to the contractually required contributions	(359,606)	(334,495)	(282,287)
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 45,564,769	\$ 42,985,292	\$ 37,089,075
Contribution as a percentage of covered payroll	0.79%	0.78%	0.76%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
Ten years of data is not available.

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Dripping Springs Independent School District
Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in Actuarial Assumptions and Inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

Dripping Springs Independent School District
Notes to the Required Supplementary Information

Changes in Demographic and Economic Assumptions

For measurement dates August 31, 2019 and 2014-2017 – No changes in assumptions.

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

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Supplementary Information

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Dripping Springs Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2020

		211	224
<u>Data Control Codes</u>		<u>ESSA, Title I, Part A - Improving Basic Programs</u>	<u>IDEA - Part B, Formula</u>
ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -
1120	Investments	-	-
1220	Property taxes receivables	-	-
1230	Allowance for uncollectable taxes	-	-
1240	Due from other governments	1,339	57,469
1260	Due from other funds	17,088	15,797
1290	Other receivables	-	-
1300	Inventories	-	-
1410	Prepaid items	-	-
1000	TOTAL ASSETS	<u>\$ 18,427</u>	<u>\$ 73,266</u>
LIABILITIES			
2110	Accounts payable	\$ 2,561	\$ 18,017
2150	Payroll deductions and withholdings	-	-
2160	Accrued wages payable	15,866	55,249
2170	Due to other funds	-	-
2180	Due to other governments	-	-
2190	Due to student groups	-	-
2200	Accrued liabilities	-	-
2300	Unearned revenue	-	-
2000	Total liabilities	18,427	73,266
FUND BALANCES			
3410	Nonspendable - inventories	-	-
3430	Nonspendable - prepaid items	-	-
3450	Restricted - grants	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	-
3490	Restricted - other	-	-
3545	Committed - other	-	-
3550	Assigned - construction	-	-
3570	Assigned - capital expenditures for equipment	-	-
3580	Assigned - self-insurance	-	-
3590	Assigned - purchases on order	-	-
3600	Unassigned	-	-
3000	Total fund balances	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,427</u>	<u>\$ 73,266</u>

225	240	244	255	263	287	288
IDEA - Part B, Preschool	National School Breakfast & Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A, Teacher & Principal Training & Recruiting	Title III, Part A, English Language Acquisition & Enhancement	Title IV, Part A, Subpart I	Texas State Safety Grant
\$ -	\$ 45,401	\$ -	\$ -	\$ -	\$ -	\$ -
-	795,524	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	128	-	1,428	500	-	-
-	-	-	-	-	-	-
-	53,845	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 894,898</u>	<u>\$ -</u>	<u>\$ 1,428</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 10,408	\$ -	\$ 1,356	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	158,545	-	-	-	-	-
-	2,355	-	72	500	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	189,413	-	-	-	-	-
-	360,721	-	1,428	500	-	-
-	53,845	-	-	-	-	-
-	-	-	-	-	-	-
-	480,332	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	534,177	-	-	-	-	-
<u>\$ -</u>	<u>\$ 894,898</u>	<u>\$ -</u>	<u>\$ 1,428</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>

Dripping Springs Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds – Continued
 June 30, 2020

		289	385
<u>Data Control Codes</u>		<u>Title VI, Part A, Summer School LEP</u>	<u>Special Services Visually Impaired</u>
ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -
1120	Investments	-	-
1220	Property taxes receivables	-	-
1230	Allowance for uncollectable taxes	-	-
1240	Due from other governments	-	-
1260	Due from other funds	1,336	-
1290	Other receivables	-	2,217
1300	Inventories	-	-
1410	Prepaid items	-	-
1000	TOTAL ASSETS	<u>\$ 1,336</u>	<u>\$ 2,217</u>
LIABILITIES			
2110	Accounts payable	\$ -	\$ -
2150	Payroll deductions and withholdings	-	-
2160	Accrued wages payable	-	-
2170	Due to other funds	-	2,013
2180	Due to other governments	-	204
2190	Due to student groups	-	-
2200	Accrued liabilities	-	-
2300	Unearned revenue	-	-
2000	Total liabilities	-	2,217
FUND BALANCES			
3410	Nonspendable - inventories	-	-
3430	Nonspendable - prepaid items	-	-
3450	Restricted - grants	1,336	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	-
3490	Restricted - other	-	-
3545	Committed - other	-	-
3550	Assigned - construction	-	-
3570	Assigned - capital expenditures for equipment	-	-
3580	Assigned - self-insurance	-	-
3590	Assigned - purchases on order	-	-
3600	Unassigned	-	-
3000	Total fund balances	<u>1,336</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,336</u>	<u>\$ 2,217</u>

392	397	410	429	461	481
Noneducational Community - Based Support	Advanced Placement Incentives	State Textbook Fund	CTE Certification Exam Reimbursement	Campus Activity Fund	San Marcos Civic Foundation
\$ -	\$ -	\$ -	\$ -	\$ 769,335	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
6,169	-	-	-	-	-
-	1,062	-	160,059	-	96
-	-	-	-	6,110	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,169</u>	<u>\$ 1,062</u>	<u>\$ -</u>	<u>\$ 160,059</u>	<u>\$ 775,445</u>	<u>\$ 96</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,184	\$ -
-	-	-	-	-	-
-	-	-	-	4,867	-
4,959	-	-	-	82	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	160,059	-	-
<u>4,959</u>	<u>-</u>	<u>-</u>	<u>160,059</u>	<u>13,133</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,210	1,062	-	-	-	96
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	762,312	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,210</u>	<u>1,062</u>	<u>-</u>	<u>-</u>	<u>762,312</u>	<u>96</u>
<u>\$ 6,169</u>	<u>\$ 1,062</u>	<u>\$ -</u>	<u>\$ 160,059</u>	<u>\$ 775,445</u>	<u>\$ 96</u>

Dripping Springs Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds – Continued
 June 30, 2020

Data Control Codes		483	498
		DSISD Education Foundation Grant #1	COVID Relief Funds
ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -
1120	Investments	-	-
1220	Property taxes receivables	-	-
1230	Allowance for uncollectable taxes	-	-
1240	Due from other governments	-	-
1260	Due from other funds	145,400	-
1290	Other receivables	-	-
1300	Inventories	-	-
1410	Prepaid items	-	-
1000	TOTAL ASSETS	<u>\$ 145,400</u>	<u>\$ -</u>
LIABILITIES			
2110	Accounts payable	\$ 2,766	\$ 431
2150	Payroll deductions and withholdings	-	-
2160	Accrued wages payable	11,740	-
2170	Due to other funds	-	167,320
2180	Due to other governments	-	-
2190	Due to student groups	-	-
2200	Accrued liabilities	-	-
2300	Unearned revenue	130,896	-
2000	Total liabilities	145,402	167,751
FUND BALANCES			
3410	Nonspendable - inventories	-	-
3430	Nonspendable - prepaid items	-	-
3450	Restricted - grants	(2)	(167,751)
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	-
3490	Restricted - other	-	-
3545	Committed - other	-	-
3550	Assigned - construction	-	-
3570	Assigned - capital expenditures for equipment	-	-
3580	Assigned - self-insurance	-	-
3590	Assigned - purchases on order	-	-
3600	Unassigned	-	-
3000	Total fund balances	<u>(2)</u>	<u>(167,751)</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 145,400</u>	<u>\$ -</u>

499

Locally Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-1)
\$ -	\$ 814,736
-	795,524
-	-
-	-
-	66,905
5,233	346,199
-	8,327
-	53,845
-	-
\$ 5,233	\$ 2,085,536
\$ -	\$ 43,723
-	-
-	246,267
-	177,301
-	204
-	-
-	-
-	480,368
-	947,863
-	53,845
-	-
5,233	321,516
-	-
-	-
-	-
-	762,312
-	-
-	-
-	-
-	-
5,233	1,137,673
\$ 5,233	\$ 2,085,536

Dripping Springs Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Fiscal Year Ended June 30, 2020

		211	224
Data Control Codes		ESSA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	253,861	809,432
5020	Total revenues	253,861	809,432
EXPENDITURES			
Current:			
0011	Instruction	253,861	221,436
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	-	1,377
0021	Instructional leadership	-	-
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	586,594
0032	Social work services	-	-
0033	Health services	-	25
0034	Student transportation	-	-
0035	Food services	-	-
0036	Cocurricular/extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
0061	Community services	-	-
Debt service:			
0071	Principal on long-term debt	-	-
0072	Interest on long-term debt	-	-
0073	Issuance costs and fees	-	-
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0091	Contracted instructional services between schools	-	-
0093	Payments related to shared service arrangements	-	-
0095	Payments to juvenile justice alternative education programs	-	-
6030	Total expenditures	253,861	809,432
1100	Excess (deficiency) of revenues over (under) expenditures	-	-
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources	-	-
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -

225	240	244	255	263	287	288
IDEA - Part B, Preschool	National School Breakfast & Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A, Teacher & Principal Training & Recruiting	Title III, Part A, English Language Acquisition & Enhancement	Title IV, Part A, Subpart I	Texas State Safety Grant
\$ -	\$ 2,123,458	\$ -	\$ -	\$ -	\$ -	\$ -
-	6,830	-	-	-	-	-
5,961	400,254	39,610	111,339	31,351	29,613	73,039
5,961	2,530,542	39,610	111,339	31,351	29,613	73,039
5,961	-	39,610	-	27,255	-	-
-	-	-	-	-	-	-
-	-	-	91,108	4,096	29,613	-
-	-	-	-	-	-	-
-	-	-	20,231	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,697,047	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	73,039
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,961	2,697,047	39,610	111,339	31,351	29,613	73,039
-	(166,505)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(166,505)	-	-	-	-	-
-	700,682	-	-	-	-	-
\$ -	\$ 534,177	\$ -	\$ -	\$ -	\$ -	\$ -

Dripping Springs Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds – Continued
For the Fiscal Year Ended June 30, 2020

<u>Data Control Codes</u>		289	385
		<u>Title VI, Part A, Summer School LEP</u>	<u>Special Services Visually Impaired</u>
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	1,336	2,217
		<hr/>	<hr/>
5020	Total revenues	1,336	2,217
EXPENDITURES			
Current:			
0011	Instruction	-	1,517
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	-	-
0021	Instructional leadership	-	-
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	-
0032	Social work services	-	-
0033	Health services	-	700
0034	Student transportation	-	-
0035	Food services	-	-
0036	Cocurricular/extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
0061	Community services	-	-
Debt service:			
0071	Principal on long-term debt	-	-
0072	Interest on long-term debt	-	-
0073	Issuance costs and fees	-	-
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0091	Contracted instructional services between schools	-	-
0093	Payments related to shared service arrangements	-	-
0095	Payments to juvenile justice alternative education programs	-	-
		<hr/>	<hr/>
6030	Total expenditures	-	2,217
1100	Excess (deficiency) of revenues over (under) expenditures	1,336	-
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
		<hr/>	<hr/>
7080	Total other financing sources	-	-
1200	Net change in fund balances	1,336	-
0100	Fund balances - beginning	-	-
		<hr/>	<hr/>
3000	FUND BALANCES - ENDING	\$ 1,336	\$ -

392	397	410	429	461	481
Noneducation al Community - Based Support	Advanced Placement Incentives	State Textbook Fund	CTE Certification Exam Reimbursement	Campus Activity Fund	San Marcos Civic Foundation
\$ -	\$ -	\$ -	\$ -	\$ 1,270,798	\$ 17,198
6,206	1,062	301,830	139,696	390	-
-	-	-	-	-	-
6,206	1,062	301,830	139,696	1,271,188	17,198
6,206	-	301,830	-	495,795	-
-	-	-	-	38,472	-
-	-	-	-	5,307	13,379
-	-	-	-	-	3,723
-	-	-	-	73,046	-
-	-	-	64,941	1,105	-
-	-	-	-	-	-
-	-	-	-	1,436	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	489,262	-
-	-	-	-	248	-
-	-	-	-	47,981	-
-	-	-	74,755	30,990	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,206	-	301,830	139,696	1,183,642	17,102
-	1,062	-	-	87,546	96
-	-	-	-	-	-
-	-	-	-	-	-
-	1,062	-	-	87,546	96
1,210	-	-	-	674,766	-
\$ 1,210	\$ 1,062	\$ -	\$ -	\$ 762,312	\$ 96

Dripping Springs Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds – Continued
For the Fiscal Year Ended June 30, 2020

Data Control Codes		483	498
		DSISD Education Foundation Grant #1	COVID Relief Funds
REVENUES			
5700	Local and intermediate sources	\$ 200,987	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	-	-
5020	Total revenues	<u>200,987</u>	<u>-</u>
EXPENDITURES			
Current:			
0011	Instruction	89,695	60,286
0012	Instructional resources and media services	-	235
0013	Curriculum and instructional staff development	-	-
0021	Instructional leadership	-	4,854
0023	School leadership	-	5,524
0031	Guidance, counseling, and evaluation services	111,249	529
0032	Social work services	-	-
0033	Health services	-	-
0034	Student transportation	-	4,750
0035	Food services	-	-
0036	Cocurricular/extracurricular activities	-	146
0041	General administration	-	10,498
0051	Plant maintenance and operations	-	74,266
0052	Security and monitoring services	-	-
0053	Data processing services	-	6,663
0061	Community services	45	-
Debt service:			
0071	Principal on long-term debt	-	-
0072	Interest on long-term debt	-	-
0073	Issuance costs and fees	-	-
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0091	Contracted instructional services between schools	-	-
0093	Payments related to shared service arrangements	-	-
0095	Payments to juvenile justice alternative education programs	-	-
6030	Total expenditures	<u>200,989</u>	<u>167,751</u>
1100	Excess (deficiency) of revenues over (under) expenditures	(2)	(167,751)
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources	<u>-</u>	<u>-</u>
1200	Net change in fund balances	(2)	(167,751)
0100	Fund balances - beginning	-	-
3000	FUND BALANCES - ENDING	<u>\$ (2)</u>	<u>\$ (167,751)</u>

499

Locally Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-2)
\$ -	\$ 3,612,441
-	456,014
-	1,758,013
-	5,826,468
-	1,503,452
-	38,707
-	144,880
-	8,577
-	98,801
-	764,418
-	-
-	2,161
-	4,750
-	2,697,047
-	489,408
-	10,746
-	122,247
-	178,784
-	6,663
-	45
-	-
-	-
-	-
-	-
-	-
-	-
-	6,070,686
-	(244,218)
-	-
-	-
-	-
-	-
-	(244,218)
5,233	1,381,891
\$ 5,233	\$ 1,137,673

Dripping Springs Independent School District
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2020

Exhibit I-1

Data Control Codes		711	712	715	Total Nonmajor Enterprise Funds (See Exhibit D-1)
		DSISD Day Care	DSISD Community Services Fund	DSISD Tiger Shack	
ASSETS					
Current assets:					
1110	Cash and cash equivalents	\$ 110,306	\$ 483,368	\$ 31,611	\$ 625,285
1290	Other receivables	-	5,830	-	5,830
1300	Inventories	-	-	5,244	5,244
	Total current assets	110,306	489,198	36,855	636,359
Noncurrent assets:					
Capital assets:					
1530	Furniture and equipment	-	15,831	-	15,831
1570	Accumulated depreciation	-	(15,831)	-	(15,831)
	Total noncurrent assets	-	-	-	-
1000	Total assets	110,306	489,198	36,855	636,359
LIABILITIES					
Current liabilities:					
2110	Accounts payable	1,108	1,998	-	3,106
2160	Accrued wages payable	69,131	82,011	-	151,142
2170	Due to other funds	651	857	-	1,508
2300	Unearned revenue	10,900	1,185	-	12,085
	Total current liabilities	81,790	86,051	-	167,841
2000	Total liabilities	81,790	86,051	-	167,841
NET POSITION					
3200	Net investment in capital assets	-	-	-	-
3900	Unrestricted	28,516	403,147	36,855	468,518
3000	TOTAL NET POSITION	<u>\$ 28,516</u>	<u>\$ 403,147</u>	<u>\$ 36,855</u>	<u>\$ 468,518</u>

Dripping Springs Independent School District
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2020

Exhibit I-2

Data Control Codes	711	712	715	Total Nonmajor Enterprise Funds (See Exhibit D-2)
	DSISD Day Care	DSISD Community Services Fund	DSISD Tiger Shack	
OPERATING REVENUES				
5700	\$ 325,179	\$ 1,490,829	\$ 19,102	\$ 1,835,110
5800	8,536	25,940	-	34,476
5020	333,715	1,516,769	19,102	1,869,586
OPERATING EXPENSES				
6100	561,240	1,163,925	-	1,725,165
6200	619	335,031	-	335,650
6300	9,461	35,090	13,243	57,794
6400	4,760	28,100	-	32,860
6449	-	3,167	-	3,167
6030	576,080	1,565,313	13,243	2,154,636
1100	(242,365)	(48,544)	5,859	(285,050)
NONOPERATING REVENUES (EXPENSES):				
7955	-	-	72	72
7080	-	-	72	72
	(242,365)	(48,544)	5,931	(284,978)
7915	352,660	83,650	18,942	455,252
8911	-	(453,635)	-	(453,635)
1200	110,295	(418,529)	24,873	(283,361)
0100	(81,779)	821,676	11,982	751,879
3000	NET POSITION - ENDING	NET POSITION - ENDING	NET POSITION - ENDING	NET POSITION - ENDING
	\$ 28,516	\$ 403,147	\$ 36,855	\$ 468,518

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Dripping Springs Independent School District
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2020

Exhibit I-3

	711	712	715	Total Nonmajor Enterprise Funds (See Exhibit D-3)
	DSISD Day Care	DSISD Community Services Fund	DSISD Tiger Shack	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from services provided	\$ 345,553	\$ 1,663,412	\$ 27,225	\$ 2,036,190
Cash payments for employees	(574,794)	(1,507,373)	-	(2,082,167)
Cash payments for goods and services	(13,113)	(99,091)	(17,031)	(129,235)
Net cash provided (used) by operating activities	(242,354)	56,948	10,194	(175,212)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	352,660	83,650	18,942	455,252
Transfers to other funds	-	(453,635)	-	(453,635)
Net cash provided (used) by noncapital financing activities	352,660	(369,985)	18,942	1,617
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received on investments	-	-	72	72
Net cash provided (used) by investing activities	-	-	72	72
Net increase (decrease) in cash and cash equivalents	110,306	(313,037)	29,208	(173,523)
Cash and cash equivalents - beginning	-	796,405	2,403	798,808
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 110,306</u>	<u>\$ 483,368</u>	<u>\$ 31,611</u>	<u>\$ 625,285</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (242,365)	\$ (48,544)	\$ 5,859	\$ (285,050)
Depreciation expense	-	3,167	-	3,167
Change in assets and liabilities:				
(Increase) decrease in due from other funds	9,607	731,914	20,719	762,240
(Increase) decrease in other receivables	-	-	-	-
(Increase) decrease in inventory	-	3,690	(3,668)	22
(Increase) decrease in prepaid items	-	-	-	-
Increase (decrease) in accounts payable	1,108	(35,901)	(120)	(34,913)
Increase (decrease) in payroll deductions and withholdings	(7,119)	(9,968)	-	(17,087)
Increase (decrease) in accrued wages payable	(5,816)	1,551	-	(4,265)
Increase (decrease) in due to other funds	651	(251,891)	(12,596)	(263,836)
Increase (decrease) in unearned revenue	1,580	(337,070)	-	(335,490)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (242,354)</u>	<u>\$ 56,948</u>	<u>\$ 10,194</u>	<u>\$ (175,212)</u>

Dripping Springs Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended June 30, 2020

Fiscal Year Ended June 30,	Tax Rates		Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	\$ Various	\$ Various	\$ Various
2012	1.0400	0.4500	2,789,610,899
2013	1.0400	0.4500	2,636,405,369
2014	1.0400	0.4500	2,758,148,523
2015	1.0400	0.4800	3,082,966,184
2016	1.0400	0.4800	3,439,934,671
2017	1.1700	0.3500	3,874,449,013
2018	1.1700	0.3500	4,345,229,079
2019	1.1700	0.3500	4,831,946,579
2020	1.1700	0.3500	5,604,874,990

1000 TOTALS

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

<u>Beginning Balance 7/1/19</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Collections</u>	<u>Debt Service Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 6/30/20</u>
\$ 149,685	\$ -	\$ -	\$ -	\$ -	\$ 149,685
28,753	-	-	-	-	28,753
48,726	-	-	-	-	48,726
53,497	-	-	-	-	53,497
59,778	-	-	-	-	59,778
77,393	-	-	-	-	77,393
100,589	-	-	-	-	100,589
185,972	-	-	-	-	185,972
847,963	-	-	-	-	847,963
-	78,080,741	58,568,710	19,174,052	276,402	614,381
<u>\$ 1,552,356</u>	<u>\$ 78,080,741</u>	<u>\$ 58,568,710</u>	<u>\$ 19,174,052</u>	<u>\$ 276,402</u>	<u>\$ 2,166,737</u>
		\$ -	\$ -		

Dripping Springs Independent School District
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual
 National School Breakfast and Lunch Program
 For the Fiscal Year Ended June 30, 2020

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 2,760,400	\$ 2,760,400	\$ 2,123,458	\$ (636,942)
5800	State program revenues	6,500	6,500	6,830	330
5900	Federal program revenues	424,000	424,000	400,254	(23,746)
5020	Total revenues	3,190,900	3,190,900	2,530,542	(660,358)
EXPENDITURES					
Current:					
0035	Food services	3,434,764	3,151,163	2,697,047	454,116
6030	Total expenditures	3,434,764	3,151,163	2,697,047	454,116
1100	Excess (deficiency) of revenues over (under) expenditures	(243,864)	39,737	(166,505)	(206,242)
OTHER FINANCING SOURCES (USES)					
8911	Transfers out	10,000	10,000	-	(10,000)
7080	Total other financing sources (uses)	10,000	10,000	-	(10,000)
1200	Net change in fund balance	(233,864)	49,737	(166,505)	(216,242)
0100	Fund balance - beginning	700,682	700,682	700,682	-
3000	FUND BALANCE - ENDING	\$ 466,818	\$ 750,419	\$ 534,177	\$ (216,242)

Dripping Springs Independent School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2020

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 18,598,625	\$ 18,598,625	\$ 19,461,986	\$ 863,361
5800	State program revenues	249,054	249,054	235,269	(13,785)
5900	Federal program revenues	-	-	-	-
5020	Total revenues	18,847,679	18,847,679	19,697,255	849,576
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	6,270,000	7,050,000	7,050,000	-
0072	Interest on long-term debt	12,918,700	12,138,700	12,138,700	-
0073	Issuance costs and fees	20,000	20,000	11,376	8,624
6030	Total expenditures	19,208,700	19,208,700	19,200,076	8,624
1100	Excess (deficiency) of revenues over (under) expenditures	(361,021)	(361,021)	497,179	858,200
OTHER FINANCING SOURCES (USES)					
7916	Premium or discount on issuance of bonds	-	-	48	48
7080	Total other financing sources (uses)	-	-	48	48
1200	Net change in fund balance	(361,021)	(361,021)	497,227	858,248
0100	Fund balance - beginning	16,112,109	16,112,109	16,112,109	-
3000	FUND BALANCE - ENDING	\$ 15,751,088	\$ 15,751,088	\$ 16,609,336	\$ 858,248

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**Overall Compliance, Internal Control Section
and Federal Awards**

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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
Dripping Springs Independent School District
Dripping Springs, Texas

We have audited, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dripping Springs Independent School District (the District) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that was considered to be a significant deficiency.

Compliance and Other Matters

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

The Board of Trustees of
Dripping Springs Independent School District

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 15, 2021



**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
in Accordance with the Uniform Guidance**

To the Board of Trustees of
Dripping Springs Independent School District
Dripping Springs, Texas

Report on Compliance for Each Major Federal Program

We have audited Dripping Springs Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2020.

The Board of Trustees of
Dripping Springs Independent School District

Report on Internal Control over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 15, 2021

Dripping Springs Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2020

Section 1. Summary of Auditor's Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal Control over Financial Reporting: | |
| <i>a.</i> Material Weakness(es) identified? | No |
| <i>b.</i> Significant Deficiency(ies) identified that are not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to Financial Statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| <i>a.</i> Material Weakness(es) identified? | No |
| <i>b.</i> Significant Deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 5. Type of auditor's report issued on compliance with major programs | Unmodified |
| 6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Uniform Guidance? | No |
| 7. Identification of Major Programs | |
| 84.027 & 84.173 Special Education Cluster | |
| 8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs | \$750,000 |
| 9. Auditee Qualified as a Low-Risk Auditee? | Yes |

Dripping Springs Independent School District
Schedule of Findings and Questioned Costs – Continued
For the Fiscal Year Ended June 30, 2020

Section 2. Financial Statement Findings

**Finding 2020-001 Significant Deficiency in Internal Control over Financial Reporting:
Financial Close Process**

Criteria

Management is responsible for the accuracy and completeness of all financial records and related information and for establishing and maintaining effective internal control over financial reporting. The existence of misstatements of an entity's financial statements is an indication of a deficiency in internal control.

Condition

During the audit of the District's financial statements, several misstatements were identified in various general ledger account balances. This resulted in numerous audit adjustments.

Cause

Personnel in key accounting positions left the District, and as a result, the financial statement close process was delayed. Errors were not detected timely as personnel in new roles were still learning the process and procedures.

Effect or Potential Effect

Material misstatement of the District's financial statements was not prevented, or detected and corrected by the District's system of internal control. Failure to establish effective monitoring and closing procedures will allow misstatements to exist and continue without notice.

Recommendation

We recommend that the District review its internal control procedures over financial reporting to ensure controls are in place to identify and record all transactions surrounding the financial close process in a timely manner.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan

Section 3. Federal Award Findings and Questioned Costs

None reported

Dripping Springs Independent School District

Corrective Action Plan

For the Fiscal Year Ended June 30, 2020

Dripping Springs

INDEPENDENT SCHOOL DISTRICT

Business Services

Corrective Action Plan

2020-001

Significant Deficiencies in Internal Controls

Planned Corrective Action Plan

The District has concluded that Significant Deficiencies have been identified in connection with the financial audit closure process.

The District's internal controls and procedures include, without limitation, rules, and procedures designed to promptly ensure that information is transmitted to the auditor and consistent with government accounting standards.

The District understands the changes in business services personnel in specific areas have affected the District's internal control process for this current audit. We will put remediation steps in place to materially modify the way we manage the audit process that will create continuity even in the face of personnel changes.

These remediation efforts have already begun and include but are not limited to; the District will procure temporary professional accounting assistance to train and document the audit process to ensure that we have continuity and consistency even in the face of personnel changes. We will train and cross-train professional accounting staff on the audit process and integrate this process into day to day operations. The significant deficiencies will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded that these controls are working effectively.

Person(s) Responsible

Cedric T. Menchion, Chief Financial Officer

Anticipated Completion Date. The District expects that these significant deficiencies will be completed before the end of the fiscal year 2021.



Cedric T. Menchion
Chief Financial Officer

510 W. Mercer St., P.O. Box 479, Dripping Springs, Texas 78620-0479

Phone 512.858.3006

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Fax 512.858.3099

Dripping Springs Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Exhibit K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Passed Through Texas University:			
National Institute of Justice Research, Evaluation, and Safety Grant	16.560	18005-8238-1	\$ 47,322
TOTAL U.S. DEPARTMENT OF JUSTICE			47,322
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	19610101105904	48,576
ESEA Title I, Part A - Improving Basic Programs	84.010A	20610101105904	216,285
Total CFDA 84.010A			264,861
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	196600011059046000	64,098
IDEA - Part B, Formula	84.027A	206600011059046600	765,334
IDEA - Part B, Preschool	84.173A	196610011059046610	-
IDEA - Part B, Preschool	84.173A	206610011059046610	5,961
IDEA-B Discretionary Residential	84.027A		38,943
Total Special Education Cluster (IDEA)			874,336
Career and Technology - Basic Grant	84.048A	20420006105904	39,610
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	19671001105904	20,689
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	20671001105904	11,962
Total CFDA 84.365A			32,651
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	19694501105904	18,308
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	20694501105904	96,031
Total CFDA 84.367A			114,339
ESEA Title IV, Part A - Student Support Academic Enrichment	84.424A	19680101105904	-
ESEA Title IV, Part A - Student Support Academic Enrichment	84.424A	20680101105904	29,663
Total CFDA 84.424A			29,663
LPE Summer School	84.369A	S369A180045	1,336
TOTAL U.S. DEPARTMENT OF EDUCATION			1,356,795
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through Texas Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	806780706	67,164
Passed Through Texas Department of Education - Cash Assistance:			
School Breakfast Program	10.553	806780706	62,619
National School Lunch Program	10.555	806780706	270,471
Total Child Nutrition Cluster			400,254
TOTAL U.S. DEPARTMENT OF AGRICULTURE			400,254
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,804,372

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Dripping Springs Independent School District
Notes to Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dripping Springs Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2. De Minimis Cost Rate

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

Note 3. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-2 of the annual financial report:

Total expenditures of federal awards per Exhibit K-1	\$ 1,804,372
General fund - federal revenue:	
SHARS	1,237,865
E-Rate	33,144
Other miscellaneous adjustments	<u>(11,009)</u>
Total federal revenues per Exhibit C-2	<u><u>\$ 3,064,372</u></u>

Dripping Springs Independent School District
 Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Fiscal Year Ended June 30, 2020

Exhibit L-1

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