

LORAINÉ
INDEPENDENT SCHOOL DISTRICT
MITCHELL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021



**LORAIN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	<u>FINANCIAL SECTION</u>	
	Certificate of Board	3
	Independent Auditor's Report	4
	Management's Discussion and Analysis (Required Supplementary Information)	7
	<u>Basic Financial Statements</u>	
	Government Wide Statements:	
A-1	Statement of Net Position	17
B-1	Statement of Activities	18
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	19
C-2	Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	20
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	21
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	22
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position	23
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	24
D-3	Statement of Cash Flows	25
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position	26
E-2	Statement of Changes in Fiduciary Fund Net Position	27
	Notes to the Financial Statements	28
	<u>Required Supplementary Information</u>	
G-1	Budgetary Comparison Schedule - General Fund	65
G-2	Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	66
G-3	Schedule of the District Contributions for Pensions (TRS)	68
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability (TRS)	70
G-5	Schedule of the District OPEB Contributions (TRS)	71
	Notes to Required Supplementary Information	72
	<u>Combining and Individual Schedules</u>	
	Nonmajor Governmental Funds:	
H-1	Combining Balance Sheet	75
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	77
	<u>Required TEA Schedules</u>	
J-1	Schedule of Delinquent Taxes	80
J-2	Budgetary Comparison Schedule – Child Nutrition Fund	82
J-3	Budgetary Comparison Schedule – Debt Service Fund	83
J-4	State Compensatory Education and Bilingual Education Program Expenditures	84

**LORAIN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

Reports on Compliance, Internal Controls, and Federal Awards

	Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86
	Schedule of Findings and Responses	88
L-1	Schools First Questionnaire	89

CERTIFICATE OF BOARD

**Loraine
Independent School District**

Name of School District

Mitchell

County

168902

County – District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved _____ disapproved for the year ended **August 31, 2021**, at a meeting of the Board of Trustees of such school district on the **15th** day of **November 2021**.



Signature of Board President



Signature of Board Secretary

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

James E. Rodgers and Company, P.C.

Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Loraine, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: rodgerscpa@att.net

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

November 15, 2021

Report on Financial Statements Issued in Accordance with Government Auditing Standards and Accompanied by Required Supplementary Information, Supplementary Information, and Other Information

Independent Auditor's Report

To the Board of Trustees and Superintendent
Loraine Independent School District
Loraine, Texas 79532

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Loraine Independent School District (the District) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Loraine Independent School 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.

James E. Rodgers and Company, P.C.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Loraine Independent School District, as of August 31, 2021, 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, budgetary comparison information, and GASB 68 and 75 schedules for pension and OPEB liabilities and contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Loraine Independent School District's basic financial statements. The combining and individual non-major fund financial statements, and the Texas Education Agency required information in conformity with laws and regulations of the State of Texas in Exhibits J-1 through J-4, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the Texas Education Agency required information in conformity with laws and regulations of the state of Texas in Exhibits J-1 through J-4 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the Texas Education Agency required information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

James E. Rodgers and Company, P.C.

Other Reporting Required by *Government Auditing Standards*

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

LORAIN INDEPENDENT SCHOOL DISTRICT

800 South Lightfoot
PO Box 457
Loraine, Texas 79532



Phone: 325-737-2235 * Fax: 325-737-2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the administration of **Loraine Independent School District**, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Highlights of Current Fiscal Year Finances

District's Total Net Position at the End of the Year	\$	3,725,394
Total District Revenues for the Current Fiscal Year	\$	3,354,404
Total District Expenses for the Current Fiscal Year	\$	2,969,769
Fund Balance in the General Fund at the End of Year	\$	1,528,704

Changes in the District's Finances from the Previous Fiscal Year

	Increase (Decrease)	
	\$	%
<u>Change in Net Position:</u>		
Change in the District's Total Net Position	\$ 398,804	11.99%
<u>Revenue Changes:</u>		
Change in the District's Total Revenues	\$ (138,463)	-3.96%
Change in the District's Property Tax Revenues	\$ (72,117)	-2.92%
Change in the District's State Aid Formula Grants	\$ 112,237	33.09%
Change in Operating Grants and Contributions	\$ (75,185)	-15.88%
<u>Expense Changes:</u>		
Change in the District's Total Expenses	\$ (264,841)	-8.19%
<u>Other Information:</u>		
Change in the District's General Fund Balance	\$ (7,675)	-0.50%
Excess (Deficit) of Actual Revenue over Budgeted Revenue	\$ (10,682)	-0.48%

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district. The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

In the Statement of Net Position and the Statement of Activities, we have presented the District into two kinds of activities (governmental and business type activities).

Governmental activities – All of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Business type activities–The District has no business type activities at present.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with the Governmental Funds Balance Sheet (Exhibit C-1) and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the “No Child Left Behind” act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds (governmental and proprietary) use different accounting approaches.

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

Proprietary funds–The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds which the District does not have at present) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds in Exhibits D-1, D-2, and D-3) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities, alumni scholarship programs, and the Loraine Education Foundation funded by Texas Property Tax Code 313 agreements with several utility companies in connection with windfarms operated within the District. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position (Exhibit E-1). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

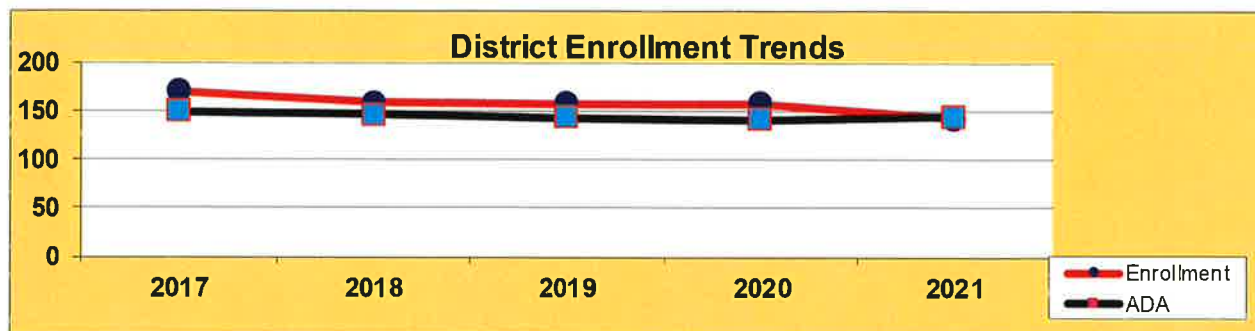
GOVERNMENT-WIDE FINANCIAL ANALYSIS

State funding in Texas is based upon the District's average daily attendance, thus the District's revenue is highly dependent on enrollment trends. The District receives additional weighted funding for students enrolled in career and technology coursework, gifted and talented, special, bilingual, and compensatory education programs. The demographics of the District and the types of coursework students pursue are continuing to evolve in the District.

The following chart details the enrollment trends of the District.

ENROLLMENT TRENDS

Year	Enrollment	ADA
2017	170	150.1
2018	159	146.4
2019	158	143.5
2020	158	141.5
2021	143	144.8



The following table indicates the net position of the District at the end of 2020 and 2021.

Table I
LORAIN INDEPENDENT SCHOOL DISTRICT
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 1,877,857	\$ 1,920,156	\$ -	\$ -	\$ 1,877,857	\$ 1,920,156
Capital assets	11,672,467	11,229,206	-	-	11,672,467	11,229,206
Deferred outflows	368,103	310,497	-	-	368,103	310,497
Total assets & deferred outflows	\$ 13,918,427	\$ 13,459,859	\$ -	\$ -	\$ 13,918,427	\$ 13,459,859
Long-term liabilities	\$ 8,210,400	\$ 7,477,868	\$ -	\$ -	\$ 8,210,400	\$ 7,477,868
Other liabilities	124,226	113,061	-	-	124,226	113,061
Net pension liability	523,719	442,947	-	-	523,719	442,947
Net OPEB liability	732,368	614,978	-	-	732,368	614,978
Deferred inflows	1,001,124	1,085,611	-	-	1,001,124	1,085,611
Total liabilities & deferred inflows	\$ 10,591,837	\$ 9,734,465	\$ -	\$ -	\$ 10,591,837	\$ 9,734,465
Net Position:						
Net Investment in capital assets	\$ 3,473,279	\$ 3,759,259	\$ -	\$ -	\$ 3,473,279	\$ 3,759,259
Restricted	91,826	155,182	-	-	91,826	155,182
Unrestricted	(238,515)	(189,047)	-	-	(238,515)	(189,047)
Total net position	\$ 3,326,590	\$ 3,725,394	\$ -	\$ -	\$ 3,326,590	\$ 3,725,394

The following table indicates the changes in net position of the District during the previous and current years.

Table II						
LORAIN INDEPENDENT SCHOOL DISTRICT						
Changes in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2020	2021	2020	2021	2020	2021
Program Revenues:						
Charges for Services	\$ 30,823	\$ 25,476	\$ -	\$ -	\$ 30,823	\$ 25,476
Operating grants & contributions	473,564	398,379	-	-	473,564	398,379
Effect of GASB 75 Negative Accrual	-	-	-	-	-	-
General Revenues:						
Maintenance & operations taxes	1,665,549	1,577,526	-	-	1,665,549	1,577,526
Debt service taxes	800,223	816,129	-	-	800,223	816,129
State aid - formula grants	339,226	451,463	-	-	339,226	451,463
Grants and contributions not restricted to specific functions	-	-	-	-	-	-
Investment earnings	5,340	5,564	-	-	5,340	5,564
Miscellaneous including Windfarm	178,142	79,867	-	-	178,142	79,867
Total Revenues	\$ 3,492,867	\$ 3,354,404	\$ -	\$ -	\$ 3,492,867	\$ 3,354,404
Expenses						
Instruction, curriculum & media services	\$ 1,613,963	\$ 1,550,346	\$ -	\$ -	\$ 1,613,963	\$ 1,550,346
Instructional & school leadership	143,367	139,525	-	-	143,367	139,525
Student support services	154,514	160,175	-	-	154,514	160,175
Food Services	120,830	114,184	-	-	120,830	114,184
Extracurricular activities	176,188	183,177	-	-	176,188	183,177
General administration & data processing	306,393	302,394	-	-	306,393	302,394
Plant maintenance & security	334,475	387,297	-	-	334,475	387,297
Interest on long term debt	244,174	49,701	-	-	244,174	49,701
Other business-type activities & intergovernmental	140,706	82,970	-	-	140,706	82,970
Total Expenses	\$ 3,234,610	\$ 2,969,769	\$ -	\$ -	\$ 3,234,610	\$ 2,969,769
Increase in net position before transfers and special items	\$ 258,257	\$ 384,635	\$ -	\$ -	\$ 258,257	\$ 384,635
Transfers	-	-	-	-	-	-
Gain on Disposal of Vehicles	-	5,741	-	-	-	5,741
Prior period adjustment - Debt & Capital Items	18,461	8,428	-	-	18,461	8,428
Net position at 9/1	3,049,872	3,326,590	-	-	3,049,872	3,326,590
Total Net Position	\$ 3,326,590	\$ 3,725,394	\$ -	\$ -	\$ 3,326,590	\$ 3,725,394

Analysis of Change in Net Position for Governmental Activities

Excess of Revenues Over Expenditures for Governmental Funds	\$ 55,798
Net Income from Internal Service Fund	(293)
Current Year Purchases of Capital Assets	19,924
Current Year Debt Principal Payments	650,000
Depreciation	(463,185)
Reclassification of bond and long term debt proceeds as increase in debt	-
Other Modified to Full Accrual Revenue Adjustments	80,491
Net Adjustment to Pension Expense per GASB 68	(26,779)
Net Adjustment for OPEB Plan required by GASB 75	82,848
Change in Net Position of Governmental Activities	\$ 398,804

THE DISTRICT'S FUNDS

A financial summary of the District's funds for the current year is as follows:

Governmental Fund Financial Statements				
	General	Special	Debt	
	Fund	Revenue	Service	
		Funds	Fund	Total
Revenues	\$ 2,225,114	\$ 273,482	\$ 831,791	\$ 3,330,387
Expenditures	(2,220,689)	(280,095)	(1,010,812)	(3,511,596)
Other Financing Sources	-	12,100	7,633,579	7,645,679
Other Financing Uses	(12,100)	-	(7,405,000)	(7,417,100)
Net Change in Fund Balance	\$ (7,675)	\$ 5,487	\$ 49,558	\$ 47,370
Beginning Fund Balance	1,536,379	7,762	42,848	1,586,989
Increase in Fund Balance	-	8,428	-	8,428
Ending Fund Balance				
All Governmental Funds	\$ 1,528,704	\$ 21,677	\$ 92,406	\$ 1,642,787

The District did modify its budget during the year and therefore did change its budgeted expenditures between the original and final budget in the District's General Fund for various functions. Significant amendments were made during the current year as detailed in Exhibit G-1.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the current year, the District had invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This year's major additions and the net change in total capital assets are as follows:

Security Cameras	\$	19,924
TOTAL	\$	19,924
Total Additions	\$	19,924
Total Deletions		105,625
Net Change	\$	(85,701)

The District's next fiscal year general fund capital budget indicates no significant capital outlay.

Debt

The District's long-term debt as of the current year-end is as follows:

	Interest Rate on Issue	Amounts Original Issue	Interest Current Year	Outstanding 8/31/2021	Next Year's Total Principal and Interest Requirement
2012 Unlimited Tax School Building Bonds	3.00 - 4.00%	\$ 11,700,000	\$ 127,885	\$ -	\$ -
2020 Unlimited Tax Refunding Bonds	2.00 - 3.00%	\$ 6,870,000	\$ 119,785	\$ 6,770,000	\$ 715,300
TOTALS		\$ 18,570,000	\$ 247,670	\$ 6,770,000	\$ 715,300

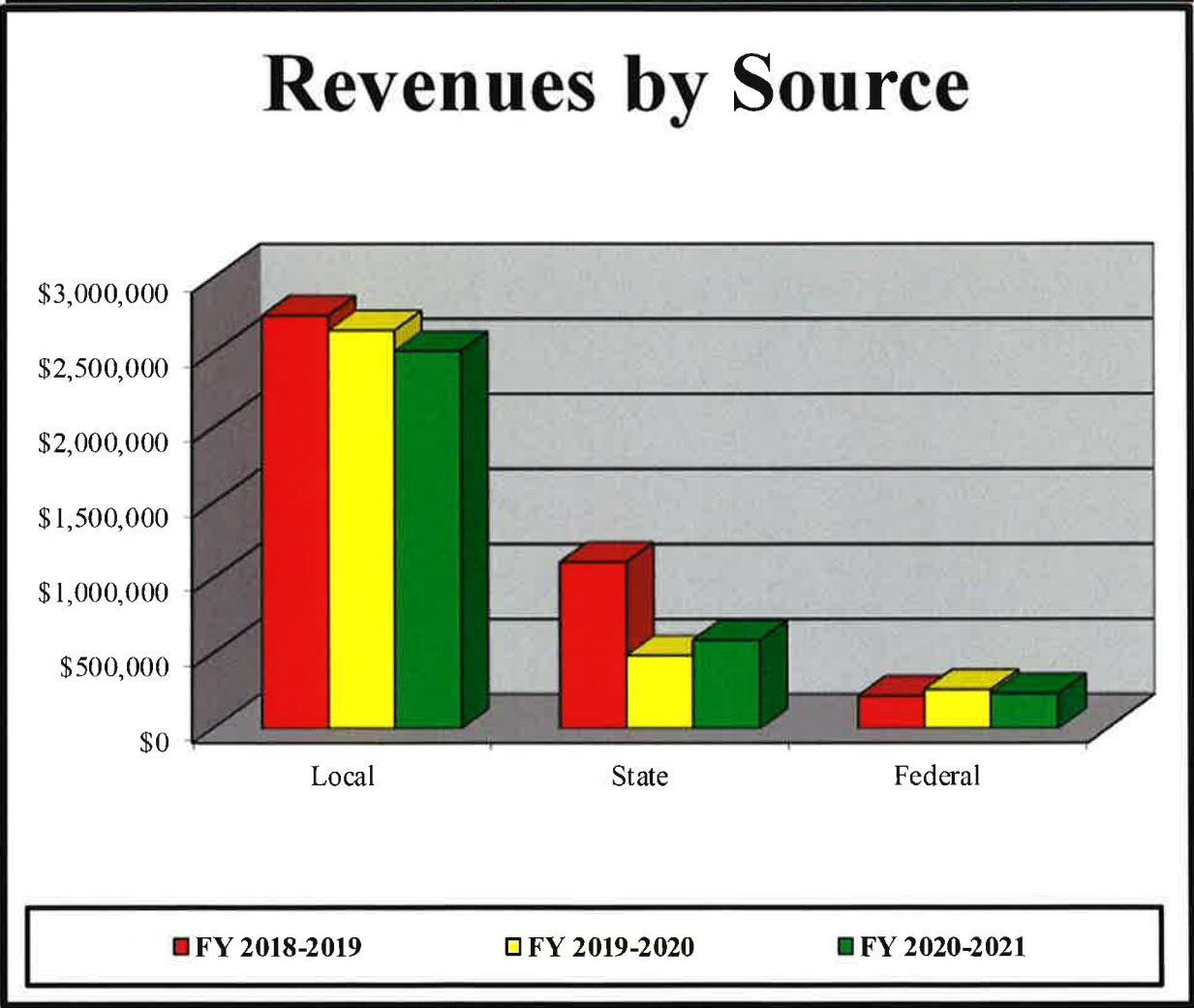
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the next fiscal year budget and tax rates. Expected student enrollment was implicit in the expected revenue and expenditures when adopting the budget for next year. A summary of the subsequent fiscal year budget for funds legally required to be budgeted is as follows:

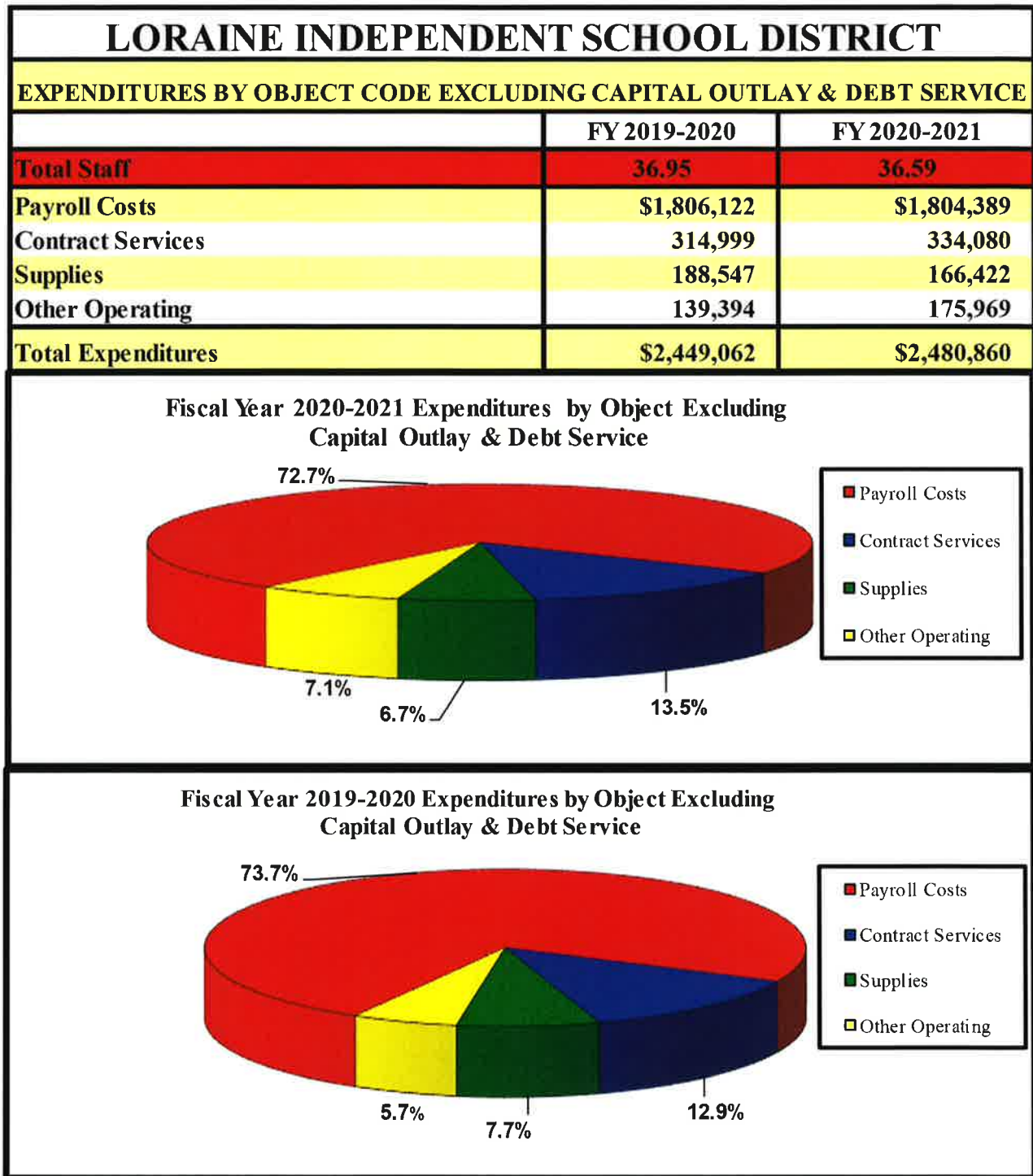
Fiscal Year 2021 - 2022 Adopted Budget				
	General Fund	Child Nutrition Fund	Debt Service Fund	TOTALS
Revenues	\$ 2,375,914	\$ 107,222	\$ 769,565	\$ 3,252,701
Expenditures	(2,365,914)	(117,222)	(769,565)	(3,252,701)
Other Financing Sources	-	10,000	-	10,000
Other Financing Uses	(10,000)	-	-	(10,000)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -
Beginning of Year Fund Balance	1,528,704	10,179	92,406	1,631,289
Projected End of Year Fund Balance	\$ 1,528,704	\$ 10,179	\$ 92,406	\$ 1,631,289

The following graph indicates the District's revenues by source for the last three years.

LORAIN INDEPENDENT SCHOOL DISTRICT			
REVENUES BY SOURCE			
	FY 2018-2019	FY 2019-2020	FY 2020-2021
ADA	143,493	141,458	144,841
Local	\$2,748,759	\$2,649,530	\$2,512,344
State	1,106,256	485,218	586,667
Federal	216,299	257,896	231,376
Total	\$4,071,314	\$3,392,644	\$3,330,387



The following graph indicates the District's expenditures by object for the last two years.



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at **Loraine Independent School District, 800 South Lightfoot or PO Box 457, Loraine, Texas 79532, (325) 737-2235.**

BASIC FINANCIAL STATEMENTS

LORAIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,633,586
1220 Property Taxes - Delinquent	219,077
1230 Allowance for Uncollectible Taxes	(54,770)
1240 Due from Other Governments	122,263
Capital Assets:	
1510 Land	35,104
1520 Buildings, Net	10,860,556
1530 Furniture and Equipment, Net	333,546
1000 Total Assets	13,149,362
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	190,040
1706 Deferred Outflow Related to TRS OPEB	120,457
1700 Total Deferred Outflows of Resources	310,497
LIABILITIES	
2110 Accounts Payable	4,656
2160 Accrued Wages Payable	105,592
2180 Due to Other Governments	22
2200 Accrued Expenses	2,791
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	547,921
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	6,929,947
2540 Net Pension Liability (District's Share)	442,947
2545 Net OPEB Liability (District's Share)	614,978
2000 Total Liabilities	8,648,854
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	184,885
2606 Deferred Inflow Related to TRS OPEB	900,726
2600 Total Deferred Inflows of Resources	1,085,611
NET POSITION	
3200 Net Investment in Capital Assets	3,759,259
Restricted:	
3820 Restricted for Federal and State Programs	10,179
3850 Restricted for Debt Service	133,505
3870 Restricted for Campus Activities	11,498
3900 Unrestricted	(189,047)
3000 Total Net Position	\$ 3,725,394

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

LORAIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 1,544,483	\$ -	\$ 225,735	\$ (1,318,748)
12	Instructional Resources and Media Services	5,798	-	-	(5,798)
13	Curriculum and Instructional Staff Development	65	-	-	(65)
23	School Leadership	139,525	-	8,728	(130,797)
31	Guidance, Counseling, and Evaluation Services	61,857	-	6,004	(55,853)
33	Health Services	48,915	-	3,883	(45,032)
34	Student (Pupil) Transportation	49,403	-	1,530	(47,873)
35	Food Services	114,184	4,308	104,229	(5,647)
36	Extracurricular Activities	183,177	7,768	3,084	(172,325)
41	General Administration	199,934	-	9,102	(190,832)
51	Facilities Maintenance and Operations	382,592	13,400	11,592	(357,600)
52	Security and Monitoring Services	4,705	-	19,924	15,219
53	Data Processing Services	102,460	-	4,568	(97,892)
61	Community Services	134	-	-	(134)
72	Debt Service - Interest on Long-Term Debt	180,747	-	-	(180,747)
73	Debt Service - Bond Issuance Cost and Fees	113,142	-	-	(113,142)
93	Payments Related to Shared Services Arrangements	44,671	-	-	(44,671)
99	Other Intergovernmental Charges	38,165	-	-	(38,165)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 3,213,957	\$ 25,476	\$ 398,379	(2,790,102)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			1,577,526	
DT	Property Taxes, Levied for Debt Service			816,129	
SF	State Aid - Formula Grants			451,463	
IE	Investment Earnings			5,564	
MI	Miscellaneous Local and Intermediate Revenue			324,055	
FR	Gain on Disposal of Vehicles			5,741	
TR	Total General Revenues & Transfers			3,180,478	
CN	Change in Net Position			390,376	
NB	Net Position - Beginning			3,326,590	
PA	Prior Period Adjustment			8,428	
NE	Net Position - Ending			\$ 3,725,394	

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

LORAIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 1,514,015	\$ 92,615	\$ 26,956	\$ 1,633,586
1220 Property Taxes - Delinquent	164,278	54,799	-	219,077
1230 Allowance for Uncollectible Taxes	(41,069)	(13,700)	-	(54,769)
1240 Due from Other Governments	73,552	213	48,497	122,262
1260 Due from Other Funds	41,489	-	-	41,489
1000 Total Assets	<u>\$ 1,752,265</u>	<u>\$ 133,927</u>	<u>\$ 75,453</u>	<u>\$ 1,961,645</u>
LIABILITIES				
2110 Accounts Payable	\$ 4,410	\$ -	\$ 246	\$ 4,656
2160 Accrued Wages Payable	94,002	-	11,590	105,592
2170 Due to Other Funds	-	400	41,089	41,489
2180 Due to Other Governments	-	22	-	22
2200 Accrued Expenditures	1,940	-	851	2,791
2000 Total Liabilities	<u>100,352</u>	<u>422</u>	<u>53,776</u>	<u>154,550</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	123,209	41,099	-	164,308
2600 Total Deferred Inflows of Resources	<u>123,209</u>	<u>41,099</u>	<u>-</u>	<u>164,308</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	10,179	10,179
3480 Retirement of Long-Term Debt	-	92,406	-	92,406
3490 Other Restricted Fund Balance	-	-	11,498	11,498
3600 Unassigned Fund Balance	1,528,704	-	-	1,528,704
3000 Total Fund Balances	<u>1,528,704</u>	<u>92,406</u>	<u>21,677</u>	<u>1,642,787</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,752,265</u>	<u>\$ 133,927</u>	<u>\$ 75,453</u>	<u>\$ 1,961,645</u>

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

LORAIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2021

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	1,642,787
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase (decrease) net position.		-
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$15,293,427 and the accumulated depreciation was \$3,620,960. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		3,462,067
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase (decrease) net position.		669,924
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount \$190,040, a deferred resource inflow in the amount of \$184,885, and a net pension liability in the amount of \$442,947. This resulted in a decrease in net position.		(437,792)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$120,457, a deferred resource inflow in the amount of \$900,726, and a net OPEB liability in the amount of \$614,978. This resulted in a decrease in net position.		(1,395,247)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(463,185)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		246,840
19 Net Position of Governmental Activities	\$	3,725,394

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

LORAIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,668,828	\$ 821,874	\$ 21,642	\$ 2,512,344
5800 State Program Revenues	556,286	9,917	20,464	586,667
5900 Federal Program Revenues	-	-	231,376	231,376
5020 Total Revenues	<u>2,225,114</u>	<u>831,791</u>	<u>273,482</u>	<u>3,330,387</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,090,772	-	132,438	1,223,210
0012 Instructional Resources and Media Services	2,827	-	-	2,827
0013 Curriculum and Instructional Staff Development	65	-	-	65
0023 School Leadership	141,377	-	-	141,377
0031 Guidance, Counseling, and Evaluation Services	62,141	-	-	62,141
0033 Health Services	49,121	-	-	49,121
0034 Student (Pupil) Transportation	38,085	-	-	38,085
0035 Food Services	3,720	-	113,469	117,189
0036 Extracurricular Activities	102,673	-	14,264	116,937
0041 General Administration	197,551	-	-	197,551
0051 Facilities Maintenance and Operations	346,859	-	-	346,859
0052 Security and Monitoring Services	3,201	-	19,924	23,125
0053 Data Processing Services	99,327	-	-	99,327
0061 Community Services	134	-	-	134
Debt Service:				
0071 Principal on Long-Term Debt	-	650,000	-	650,000
0072 Interest on Long-Term Debt	-	247,670	-	247,670
0073 Bond Issuance Cost and Fees	-	113,142	-	113,142
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	44,671	-	-	44,671
0099 Other Intergovernmental Charges	38,165	-	-	38,165
6030 Total Expenditures	<u>2,220,689</u>	<u>1,010,812</u>	<u>280,095</u>	<u>3,511,596</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,425</u>	<u>(179,021)</u>	<u>(6,613)</u>	<u>(181,209)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	6,870,000	-	6,870,000
7915 Transfers In	-	-	12,100	12,100
7916 Premium or Discount on Issuance of Bonds	-	763,579	-	763,579
8911 Transfers Out (Use)	(12,100)	-	-	(12,100)
8949 Other (Uses)	-	(7,405,000)	-	(7,405,000)
7080 Total Other Financing Sources (Uses)	<u>(12,100)</u>	<u>228,579</u>	<u>12,100</u>	<u>228,579</u>
1200 Net Change in Fund Balances	(7,675)	49,558	5,487	47,370
0100 Fund Balance - September 1 (Beginning)	1,536,379	42,848	7,762	1,586,989
1300 Increase (Decrease) in Fund Balance	-	-	8,428	8,428
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,528,704</u>	<u>\$ 92,406</u>	<u>\$ 21,677</u>	<u>\$ 1,642,787</u>

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

LORAIN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	55,798
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.</p>		
		(293)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase (decrease) net position.</p>		
		669,924
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(463,185)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting. These include recognizing unavailable revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>		
		80,491
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$35,792. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$34,295. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$28,276. The net result is a decrease in the change in net position.</p>		
		(26,779)
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$11,498. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$12,305. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$83,655. The net result is an increase in the change in net position.</p>		
		82,848
Change in Net Position of Governmental Activities	\$	398,804

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

LORAIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2021

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ -
Total Assets	-
LIABILITIES	
Current Liabilities:	
Accounts Payable	-
Total Liabilities	-
NET POSITION	
Restricted for Other Purposes	-
Total Net Position	\$ -

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

LORAIN INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

	Governmental Activities -
	Internal Service Fund
OPERATING EXPENSES:	
Payroll Costs	\$ 293
Total Operating Expenses	293
Operating Income (Loss)	(293)
Total Net Position - September 1 (Beginning)	293
 Total Net Position - August 31 (Ending)	 \$ -

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

LORAIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Insurance Claims	\$ (293)
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (293)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	312
Increase (decrease) in Accrued Expenses	(19)
Net Cash Provided by Operating Activities	\$ -
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ -

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

LORAIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2021

	Custodial Fund	Fiduciary Component Units
ASSETS		
Cash and Cash Equivalents	\$ 5,536	\$ -
Restricted Assets	-	605,575
Long Term Investments	-	3,281,984
Total Assets	5,536	\$ 3,887,559
NET POSITION		
Restricted for Campus Activities	5,536	-
Restricted for Other Purposes	-	3,887,559
Total Net Position	\$ 5,536	\$ 3,887,559

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

LORAIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT E-2

	Custodial Fund	Fiduciary Component Units
ADDITIONS:		
Miscellaneous Revenue - Student Activities	\$ 12,974	\$ -
Earnings from Temporary Deposits	-	133,314
Total Additions	12,974	133,314
DEDUCTIONS:		
Professional and Contracted Services	-	650
Other Deductions	12,874	53,975
Total Deductions	12,874	54,625
Change in Fiduciary Net Position	100	78,689
 Total Net Position - September 1 (Beginning)	 13,864	 3,808,870
Prior Period Adjustment	(8,428)	-
Total Net Position - August 31 (Ending)	\$ 5,536	\$ 3,887,559

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

LORAIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Loraine Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statements No. 39 and 61. The only component unit included within the reporting entity is the fiduciary component unit for the Loraine Education Foundation, Inc.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the **Loraine Independent School District** non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

- General Fund** – The general fund is the District's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Fund** – The District did not maintain major special revenue governmental funds during the current year.
- Capital Projects Fund** - The District did not maintain major capital project governmental funds during the current year.
- Debt Service Fund** - The District did maintain major debt service governmental funds during the current year.
- Other Governmental Fund** - The District did not maintain other major governmental funds during the current year.

The District reports the following major enterprise fund(s):

The District does not maintain major enterprise funds at present.

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

Governmental Funds:

- Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.
- Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund when applicable.
- Capital Projects Funds** – Proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund when applicable.
- Permanent Funds** – The District accounts for donations which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs when applicable.

Proprietary Funds:

- Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund when applicable.
- Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis (workers' compensation) are accounted for in an internal service fund.

Fiduciary Funds:

Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. When applicable, the District maintains a private purpose trust fund to provide scholarships for students that have graduated from the District.

Pension (and Other Employee Benefit) Trust Funds – These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas when applicable.

Investment Trust Fund – When applicable, this fund is used by the District to hold assets in trust for other entities participating in an investment program managed by the district.

Custodial Funds – The District accounts for resources held for others in a custodial capacity in custodial funds including funds used to account for student activities.

The balances due to the internal service fund resulted from obligations made to maintain capital for the operation of the internal service fund for such activities as self-insurance; the balance is not scheduled to be collected in the subsequent year.

All remaining balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the current year, the District did not make a one-time transfer of funds of from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The District reports inventories of supplies using the first-in, first-out inventory cost method. The supplies include consumable maintenance, instructional, office, athletic, and transportation items. Under the purchase method, supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Department of Agriculture and recorded as revenue and expenditures when received. Material inventories (if any) including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the current year.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

ASSETS	YEARS
Buildings	40
Buildings and Improvements	40
Infrastructure	40
Vehicles	10
Office Equipment	10
Computer Equipment	10

6. Since Internal Service Funds in the District support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Restricted assets, if applicable, of the District are limited to cash and certificates of deposit which have been gifted to the District with the stipulation that only the earnings are available for current and future scholarship recipients.
8. The Districts participates in self-funded workers' compensation programs which execute inter-local agreements that define the responsibilities of the parties. The program provides statutory workers' compensation benefits to its members and their injured employees.

9. Net Position and Fund Balances:

Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net positions are divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable—Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the District's state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees' ordinance.
- Assigned—Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned—All amounts not included in other spendable classifications.

10. Use of Restricted Resources:

When an expenditure/expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure/expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

11. The District applies Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Market Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

12. Investment income reported in one fund has not been assigned directly to another fund by the District.

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

14. Deferred Outflows of Resources:

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The deferred outflow of resources reported in this year's governmental activities “Statement of Net Position” is related to the TRS GASB No. 68 pension and GASB No.75 OPEB liabilities. No deferred outflows of resources affect the governmental funds financial statements in the current year.

15. Deferred Inflows of Resources:

The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The District did have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year related to the TRS GASB No. 68 and GASB 75 OPEB liabilities.

16. Pensions:

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

17. Other Post-Employment Benefits:

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the Year	Historical Cost	Accumulated Depreciation	Net Value at Beginning of Year	Change in Net Position
Land	\$ 35,104	\$ -	\$ 35,104	
Buildings and Improvements	13,993,719	(2,783,642)	11,210,077	
Furniture and Equipment	1,264,604	(837,318)	427,286	
Construction in Progress	-	-	-	
Change in Net Position				\$ 11,672,467
Long-term Liabilities at the Beginning of the Year			Payable at Beginning of Year	
Bonds Payable			\$ 7,955,000	
Add Unamortized Bond Premium / Discount			244,188	
Notes and Capital Leases Payable			-	
Deferred Inflow			-	
Accrued Interest - Bonds, Notes, and Capital Leases			11,212	
Change in Net Position				8,210,400
Net Adjustment to Net Position				\$ 3,462,067

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

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position shown in Exhibit C-2 and Exhibit C-4. The details of this adjustment are as follows:

	Amount	Adjustments To Changes in Net Position	Adjustments to Net Position
Current Year Capital Outlay			
Land	\$ -		
Buildings & Improvements	-		
Furniture & Equipment	19,924		
Construction in Progress	-		
Total Capital Outlay	\$ 19,924	\$ 19,924	\$ 19,924
Debt Principal Payments			
Bond Principal	\$ 650,000		
Note Principal Payments	-		
Capital Lease Payments	-		
Other Adjustments	-		
Total Principal Payments	\$ 650,000	650,000	650,000
Total Adjustment to Net Position		\$ 669,924	\$ 669,924

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

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
Adjustments to Revenue, Unearned Revenue, Beg. Net Position:			
Beg. of Year Unearned Tax Revenue/Internal Ser.	\$ 166,349	\$ -	\$ 166,349
Property tax adjustments to convert from the modified accrual basis to the full accrual basis of accounting	\$ (2,041)	(2,041)	(2,041)
Other Revenue/Expense Adjustments	\$ -	-	-
Reclassify Proceeds of Bonds, Loans & Capital Leases:			
New Bond Issue	\$ (6,870,000)	(6,870,000)	(6,870,000)
Discount (Premium) on Issuance of Bonds	\$ -	-	-
New Loans / Capital Leases Issued	\$ -	-	-
Reclassify Liabilities Incurred but not Liquidated This Year:			
Prior Period Adjustment for Capital Asset	\$ -	-	-
Reclassify Certain Expenditures to Full Accrual From Modified Accrual:			
Adjust Interest Expense on Long-term Debt	\$ 3,291	3,291	3,291
Amortization of Discount (Premium) on Bonds	\$ (455,759)	(455,759)	(455,759)
Retirement of Refunded Bonds	\$ 7,405,000	7,405,000	7,405,000
Totals		\$ 80,491	\$ 246,840

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund (if applicable) and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in the J Exhibits as reported in the required TEA Exhibits.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. The amendments that modified the original adopted budget in the general fund are shown in Exhibit G-1.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as adopted and amended by the Board of Trustees. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2021 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 10,179
Non-appropriated Budget Funds	11,498
All Special Revenue Funds	\$ 21,677

B. BUDGETARY STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY

The District has disclosed budgetary stewardship, compliance, and accountability in Section C of the Notes to Required Supplementary Information.

C. DEFICIT FUND EQUITY

The District did not incur a deficit fund balance in any fund during the current school year.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The carrying amount of the District's cash and temporary investments at the end of the fiscal year follows:

CASH AND CASH EQUIVALENTS BY ACCOUNT TYPE	8/31/2021
Cash Deposits in Bank	\$ 1,639,122
Certificates of Deposit Maturity to 3 months	-
Cash on Hand	-
Restricted Cash Deposits in Bank	605,575
Total Cash and Cash Equivalents by Account Type	\$ 2,244,697
CASH AND CASH EQUIVALENTS BY FUND	8/31/2021
Cash and Cash Equivalents:	
General Fund	\$ 1,514,015
Major Governmental Funds	92,615
Non-Major Governmental Funds	26,956
Enterprise Funds	-
Internal Service Funds	-
Custodial Funds	5,536
Trust Funds	-
Other Funds	605,575
Total Cash and Cash Equivalents by Fund	\$ 2,244,697

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's cash deposits subject to custodial credit risk at the date of the highest cash balance and at year end were:

CUSTODIAL CREDIT RISK	HIGHEST CASH BALANCE	8/31/2021
Name of Depository Bank: WESTERN BANK		
Total amount of FDIC Insurance (FDIC)	\$ 385,379	\$ 340,761
Amount of Bond or Securities Pledged	3,000,000	3,000,000
Total FDIC, Bond or Securities Pledged	\$ 3,385,379	\$ 3,340,761
Cash Deposits and Cash Investments in Bank	\$ 2,615,431	\$ 1,676,301
Excess or (Shortage) FDIC and Bond or Pledged Securities Pledged	\$ 769,948	\$ 1,664,460
The District's cash deposits were entirely covered by FDIC Insurance or by bond or pledged collateral by the Depository Bank	YES	YES

Foreign Currency Risk: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, and mutual bond funds to the top 2 or 3 ratings issued by nationally recognized statistical rating organizations (NRSROs). As of the current fiscal year, the district's investments were rated by Standard & Poor's, Fitch Ratings, etc.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer to 20% when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding all investments denominated in a foreign currency.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of the end of the current fiscal year, the District had the following investments:

Investments	August 31, 2021 Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investment s	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost -							
Investment pools:							
Texpool	\$ -	\$ -	\$ -	\$ -	0.00%	-	AAAm*
Investments measured at net asset value (NAV)-							
Investment pools:							
LoneStar	-	-	-	-	0.00%	-	AAAm*
TexStar	-	-	-	-	0.00%	-	AAAm*
Investments measured by fair value level -							
U.S. Government Agency Securities:							
Federal Home Loan Bank	-	-	-	-	0.00%	-	AA+ to Aaa
Fannie Mae	-	-	-	-	0.00%	-	AAAm*
U.S. Treasury Bonds	-	-	-	-	0.00%	-	AAAm*
Money Market Mutual Funds	-	-	-	-	0.00%	-	Not rated
Certificates of Deposit	-	-	-	-	0.00%	-	BBB+ to AA-
Commercial Paper	-	-	-	-	0.00%	-	BBB+ to AA-
Restricted Investments-	-	-	-	-	0.00%	-	BBB+ to AA-
Scholarship Funds-Certificates of Deposit	-	-	-	-	0.00%	-	BBB+ to AA-
Education Foundation	3,281,984	-	3,281,984	-	100.00%	VARIOUS	BBB+ to AA-
Total Investments	\$ 3,281,984	\$ -	\$ 3,281,984	\$ -	100.00%		

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

Inter-fund balances at year end consisted of the following amounts:

FUND	Due From Other Funds	Due To Other Funds
General Fund		
Major Governmental Funds	\$ -	\$ -
Non-major Governmental Funds	41,089	-
Debt Service Funds	400	-
All Others	-	-
Total General Fund	<u>\$ 41,489</u>	<u>\$ -</u>
Major Debt Service Governmental Fund		
General Fund	\$ -	\$ 400
Other Major Governmental Funds	-	-
Debt Service Funds	-	-
All Others	-	-
Total Non-major Governmental Funds	<u>\$ -</u>	<u>\$ 400</u>
Non-major Governmental Funds		
General Fund	\$ -	\$ 41,089
Major Governmental Fund	-	-
Non-major Governmental Funds	-	-
All Others	-	-
Total Internal Service Funds	<u>\$ -</u>	<u>\$ 41,089</u>
All Other Funds		
General Fund	\$ -	\$ -
Major Governmental Funds	-	-
Non-major Governmental Funds	-	-
All Others	-	-
Total All Other Funds	<u>\$ -</u>	<u>\$ -</u>
Total Interfund Receivables / Payables	<u>\$ 41,489</u>	<u>\$ 41,489</u>

The balance of \$41,089 due from non-major governmental funds, were short term amounts due to the general fund for cash operating which will be refunded during 2021-2022. The balance of \$400 due from the major debt service governmental fund due to the general fund was for the correction of a prior year tax split between debt service and maintenance and operations property taxes which will be refunded during 2021-2022.

Inter-fund transfers for the current year end consisted of the following individual amounts:

FUND	Transfers In	Transfers Out
General Fund		
Major Governmental Funds	\$ -	\$ -
Non-major Governmental Funds	-	12,100
Internal Service Funds	-	-
All Others	-	-
Total General Fund	<u>\$ -</u>	<u>\$ 12,100</u>
Major Governmental Funds		
General Fund	\$ -	\$ -
Non-major Governmental Funds	-	-
Internal Service Funds	-	-
All Others	-	-
Total Major Governmental Funds	<u>\$ -</u>	<u>\$ -</u>
Non-major Governmental Funds		
General Fund	\$ 12,100	\$ -
Other Major Governmental Funds	-	-
Internal Service Funds	-	-
All Others	-	-
Total Non-major Governmental Funds	<u>\$ 12,100</u>	<u>\$ -</u>
Internal Service Funds		
General Fund	\$ -	\$ -
Major Governmental Fund	-	-
Non-major Governmental Funds	-	-
All Others	-	-
Total Internal Service Funds	<u>\$ -</u>	<u>\$ -</u>
All Other Funds		
General Fund	\$ -	\$ -
Major Governmental Funds	-	-
Non-major Governmental Funds	-	-
Internal Service Funds	-	-
Total All Other Funds	<u>\$ -</u>	<u>\$ -</u>
Total Interfund Transfers	<u><u>\$ 12,100</u></u>	<u><u>\$ 12,100</u></u>

Inter-fund transfers for the current year end consisted of the following individual amounts:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to cover operating deficits in funds such as the Food Service Funds. The District did make an operating transfer to the Food Service Fund during the current year for \$12,100.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at year end were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 164,278	\$ 73,552	\$ 41,489	\$ -	\$ 279,319
Major Gov. Debt Service Fund	54,799	213			55,012
Non-major Governmental Funds	-	48,497	-	-	48,497
Internal Service Funds	-	-	-	-	-
Total Governmental Activities	\$ 219,077	\$ 122,262	\$ 41,489	\$ -	\$ 382,828
Amounts not scheduled for collection during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

Payables at year end were as follows:

	Accounts Payable	Accrued Wages Payable	Accrued Expenditures / Expenses	Due To Other Funds	Due To Other Govt.	Other	Total Payables
Governmental Activities:							
General Fund	\$ 4,409	\$ 94,002	\$ 1,940	\$ -	\$ -	\$ -	\$ 100,351
Major Gov. Debt Service Fund				400	22		422
Non-major Governmental Funds	246	11,590	851	41,089	-	-	53,776
Internal Service Funds	-	-	-	-	-	-	-
Total Governmental Type Activities	\$ 4,655	\$ 105,592	\$ 2,791	\$ 41,489	\$ 22	\$ -	\$ 154,549
Amounts not scheduled for payment during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the current year was as follows:

Primary Government				
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Assets Not Being Depreciated:				
Land	\$ 35,104	\$ -	\$ -	\$ 35,104
Construction In Progress	-	-	-	-
Depreciable Assets:				
Buildings and Improvements	13,993,719	-	-	13,993,719
Furniture and Equipment	1,264,604	19,924	105,625	1,178,903
Infrastructure	-	-	-	-
Totals at Historic Cost	\$ 15,293,427	\$ 19,924	\$ 105,625	\$ 15,207,726
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 2,783,642	\$ 349,521	\$ -	\$ 3,133,163
Furniture and Equipment	837,318	113,664	105,625	845,357
Infrastructure	-	-	-	-
Total Accumulated Depreciation	\$ 3,620,960	\$ 463,185	\$ 105,625	\$ 3,978,520
Governmental Activities Capital Assets-Net	\$ 11,672,467	\$ (443,261)	\$ -	\$ 11,229,206

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 333,389
Instructional Resources and Media Services	2,971
Student (Pupil) Transportation	11,370
Food Services	-
Cocurricular/Extracurricular Activities	67,158
General Administration	7,255
Plant Maintenance and Operations	36,053
Security and Monitoring Service	1,504
Data Processing Services	3,485
In addition, depreciation on capital assets held by the District's Internal Service Fund(s) is charged to the various functions based on their usage of the assets	-
Total Depreciation Expense	\$ 463,185

The District has no capital assets that are not being depreciated as of the current fiscal year end except for land.

G. SHORT-TERM DEBT PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans are shown in the governmental fund financial statements as Other Resources and principal payments are shown as Other Uses. As shown by the following table, the District has no short-term debt payable.

Date of Issue/ Maturity	Description	Beginning Balance	Amount Issued	Amount Redeemed	Ending Balance
None		\$ -	\$ -	\$ -	\$ -

H. BONDS AND LONG-TERM NOTES PAYABLE

The following is a summary of the District's long-term debt for the year ended August 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 7,955,000	\$ 6,870,000	\$ 8,055,000	6,770,000	\$ 540,000
Premium on Bond Issuance	244,188	763,579	307,820	699,947	-
Maintenance Tax Notes	-	-	-	-	-
Capital Leases	-	-	-	-	-
Total Bonds and Notes Payable	\$ 8,199,188	\$ 7,633,579	\$ 8,362,820	\$ 7,469,947	\$ 540,000
Other Liabilities:					
Accretion Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest Payable	11,212	7,921	11,212	7,921	7,921
Total Other Liabilities	\$ 11,212	\$ 7,921	\$ 11,212	\$ 7,921	\$ 7,921
Total Governmental Activities Long-Term Liabilities	\$ 8,210,400	\$ 7,641,500	\$ 8,374,031	\$ 7,477,868	\$ 547,921
Business-type Activities:					
Bonds and Notes Payable:					
N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bonds & Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities:					
Accrued Interest Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-type Activities Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -

Debt Payable - Governmental Activities:

Description	Interest Rate	Original Issue	Interest Current Year	Beginning Balance 9/1/2020	Additions	Reductions	Ending Balance 8/31/2021
General Obligation Bonds Payable:							
U/L TAX SCHOOL BUILDING BONDS 2012 SERIES	3.00-4.00%	\$ 11,700,000	\$ 127,885	\$ 7,955,000	\$ -	\$ 7,955,000	\$ -
U/L TAX REFUNDING BONDS 2020 SERIES	2.00-3.00%	\$ 6,870,000	119,785	-	6,870,000	100,000	6,770,000
N/A	0.00-0.00%	\$ -	-	-	-	-	-
N/A	0.00-0.00%	\$ -	-	-	-	-	-
N/A	0.00-0.00%	\$ -	-	-	-	-	-
N/A	0.00-0.00%	\$ -	-	-	-	-	-
N/A	0.00-0.00%	\$ -	-	-	-	-	-
Total General Obligation Bonds			\$ 247,670	\$ 7,955,000	\$ 6,870,000	\$ 8,055,000	\$ 6,770,000
Premium on Bond Issuance			\$ 244,188	\$ 763,579	\$ 307,820	\$ 699,947	
Maintenance Tax Notes Payable:							
NO MAINTENANCE TAX NOTES	0.00-0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A		\$ -	-	-	-	-	-
Total Maintenance Tax Notes			\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases Payable:							
NO CAPITAL LEASE PAYABLE	0.00-0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A		\$ -	-	-	-	-	-
Total Capital Leases			\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Payable - Governmental Activities			\$ 247,670	\$ 8,199,188	\$ 7,633,579	\$ 8,362,820	\$ 7,469,947

The following table summarizes the annual debt service requirements of the District's Governmental Activities long-term debt August 31, 2021:

	General Obligation Bonds		Maintenance Tax Notes		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 540,000	\$ 175,300	\$ -	\$ -	\$ -	\$ -	\$ 540,000	\$ 175,300
2023	555,000	164,350	-	-	-	-	555,000	164,350
2024	565,000	153,150	-	-	-	-	565,000	153,150
2025	580,000	141,700	-	-	-	-	580,000	141,700
2026	590,000	127,050	-	-	-	-	590,000	127,050
2027-2031	3,235,000	354,225	-	-	-	-	3,235,000	354,225
2032-2036	705,000	10,575	-	-	-	-	705,000	10,575
2037-2041	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-
Totals	\$ 6,770,000	\$ 1,126,350	\$ -	\$ -	\$ -	\$ -	\$ 6,770,000	\$ 1,126,350

On December 17, 2020, the District issued general obligation bonds (Series 20120Tax Refunding Bonds) of \$6,870,000 (par value) with an interest rates ranging between 2.00% and 3.00%. The District issued the bonds to refund \$7,405,000 of the 2012 Series Tax School Bonds with interest rates ranging between 3.0% and 4.0%. The refunding bonds were issued at par, and after receiving a premium of \$763,579 and accrued interest of \$0, paying issuance costs of \$111,000, the net proceeds were \$7,522,579. The net proceeds were used to retire the 2012 School Building Bonds and accrued interest during the year ended August 31, 2021 with a payment made February 15, 2021. As a result of the refunding, the District decreased its total debt service requirement by \$535,000, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$346,551 during the 2021 year.

In prior years, the District has not defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, no trust account assets and liabilities for the defeased bonds exist and none are included in the District's financial statements. On August 31, 2021, \$0 of bonds considered defeased are still outstanding.

There are a number of limitations and restrictions contained in the general obligation bond indenture. District administration has indicated that the District is in compliance with all significant limitations and restrictions at year end.

I. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments at year end as follows (the imputed interest on the leases range from 4.50% to 5.25%:

Year Ending August 31	
2022	\$ 12,316
2023	12,316
2024	12,316
2025	12,316
2026	-
2027-2031	-
2032-2036	-
Total Minimum Future Rentals	\$ 49,264
Rental Expenditures in Fiscal Year 2021	\$ 14,074

J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in “lump sum” cash payment to such employee or his/her estate. Individuals employed after October 1, 1985, are not eligible to receive the lump sum payments. This does not apply to the District.

K. HEALTH CARE COVERAGE

The District provided health insurance coverage for employees under the provisions of the Teacher Retirement System of Texas (TRS) active care health insurance plan during the current year. The District paid premiums per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

L. DEFERRED INFLOWS - UNAVAILABLE REVENUE – GOVERNMENTAL FUNDS

Unavailable revenue at year-end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Unavailable Tax Revenue	\$ 123,209	\$ -	\$ 41,099	\$ 164,308
Total Unavailable Revenue	\$ 123,209	\$ -	\$ 41,099	\$ 164,308

M. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments at year end are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as "Due from State Agencies" except for some federal programs which are received directly from the federal government for grants such as the REAP Program.

FUND	Due From State - Foundation Entitlements	Due From State - State & Federal Grants	Due From Other Governments	Totals
General	\$ 73,552	\$ -	\$ -	\$ 73,552
Non-Major Special Revenue Funds	-	48,497	-	48,497
Debt Service	-	213	-	213
Totals	\$ 73,552	\$ 48,710	\$ -	\$ 122,262

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 1,562,131	\$ -	\$ 806,792	\$ -	\$ 2,368,923
Penalties, Interest and Other Tax- Related Income	18,019	-	6,707	-	24,726
Investment Income	5,099	64	401	-	5,564
Food Sales	-	4,308	-	-	4,308
Extracurricular Student Activities	7,768	-	-	-	7,768
Education Foundation Donations	6,000	-	-	-	6,000
Insurance Recovery, SSA, & Other	69,811	17,270	7,974	-	95,055
Totals	\$ 1,668,828	\$ 21,642	\$ 821,874	\$ -	\$ 2,512,344

O. LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is aware of pending exposure to claims related to these areas; however, legal counsel and the District do not expect any financial exposure to assets of the District.

P. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District at year-end had not incurred additional commitments and/or contingencies in connection with construction or other areas of significance.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is a member of the West Central Texas Shared Services Arrangement ("SSA"). The SSA provides services for special education to member districts. Sweetwater Independent School District is the fiscal agent for the SSA. In addition to the District, other member districts participate in the special education cooperative. The fiscal agent provides SSA services. The member districts provide the funds to the fiscal agent. The Shared Services Arrangements - Special Education has been accounted for using Model 3 in the SSA section of the TEA Resource Guide. The District has accounted for the payments to the fiscal agent of the SSA in the General Fund as intergovernmental expenditures. The District's expenditures to the SSA for the current year were as follows:

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
West Central Texas SSA	Special Education	Sweetwater ISD	State Special Education	437	N.A	\$ 33,071
West Central Texas SSA	Abstinence Coalition	Sweetwater ISD	Member Districts	457	N.A	2,070
West Central Texas SSA	Pregnancy Ed Parent	Sweetwater ISD	State/Local Member Dist. State/Local	456	N.A	1,380
Colorado ISD	DAEP	Colorado ISD	Member Dist.	437	N.A	8,150
TOTAL FUNCTION 93 EXPENDITURES						\$ 44,671

The District did participate in other shared service arrangements with the Region 14 Education Service Center for various educational activities during the current year such as the Carl D Perkins CATE grant, ESEA Title II, Part A, ESEA Title III, ESL, and ESEA Title III, Part A. In addition to the District, other member districts participate in the educational cooperatives and the fiscal agent provides SSA services. The funding for each activity is received by the fiscal agent from the grantor agency. The fiscal agent then provides services to the member districts. According to guidance provided in TEA's Resource Guide, the Fiscal Agent has accounted for the fiscal agent's activities of the SSA in a Special Revenue Fund. The Shared Services Arrangements has been accounted for using Model 2 in the SSA section of the TEA Resource Guide. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

R. SUBSEQUENT EVENTS

In preparing the basic financial statements, District administration has evaluated events and transactions for potential recognition or disclosure through **November 15, 2021**, the date this Annual Financial Report was issued. No material subsequent events had occurred in the period of August 31, 2021, through that date.

S. RELATED ORGANIZATIONS

The District at present does maintain an Educational Foundation (the "Foundation"). This entity was established as a not-for-profit entity to provide assistance and support for teachers and students to develop special programs and projects and other school district support activities. This entity is a "related organization" of the District as defined by *Governmental Accounting Standards Board Statement No. 14 and amended by Statements No. 39 and 61* and is included in these statements as a fiduciary component unit. The members of the board of the Foundation are the same members of the District's Board of Trustees.

T. RELATED PARTY TRANSACTIONS

The District incurs related party transactions with businesses owned or employers for various members of the board of trustees. The District did not incur any material reportable related party transactions or balances as of and during the current year end.

U. FUND BALANCE / NET POSITION ADJUSTMENTS

The District did make a fund balance adjustment; and, did make a net position adjustment during the current fiscal year that increased net position by \$8,428 from moving custodial funds to campus activity funds.

Governmental Fund Balance	General Fund	Debt Service Fund	Special Revenue Funds	Total
Increase (Decrease) Beginning of Year Fund Balance				
From Change in Liabilities	\$ -	\$ -	\$ 8,428	\$ 8,428
Totals	\$ -	\$ -	\$ 8,428	\$ 8,428
Government Wide Net Position				
Increase (Decrease) Beg of Year Net Position:				
Prior Period Adjustments				\$ 8,428
Totals				\$ 8,428

V. WORKERS COMPENSATION / PROPERTY & CASUALTY / UNEMPLOYMENT

Workers' Compensation Program

During the current year end, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's workers' compensation program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2021, the Fund carries a discounted reserve of \$45,439,534 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2021, the Fund anticipates no additional liability to members beyond their contractual obligation for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Workers' Compensation Program – Prior Year Coverage

Beginning September 1, 1992, the District established a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. The District participates in this plan (West Texas Educational Insurance Association self-funded workers' compensation program) along with other participating entities. The District contributes annual amounts determined by Claims Administrative Services, Inc. As claims arise, they are submitted to and paid by Claims Administrative Services, Inc. on behalf of the District under terms of a contractual agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Coverage was in effect for specific occurrences exceeding \$225,000 and aggregate retention at \$2,000,000.

The costs associated with this self-insurance plan are reported as inter-fund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. The liabilities of the plan include incurred but not reported claims. These liabilities reported in the funds at August 31, 2021, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using an expected future investment yield assumption.

Estimates of claims payable and of claims incurred, but not reported at August 31 are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due. Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended August 31, 2020	Year Ended August 31, 2021
Unpaid claims, beginning of year	\$ 19	\$ 19
Incurred claims (including IBNR'S)	-	-
Claim Payments	-	(19)
Unpaid claims, end of year	\$ 19	\$ -

Unemployment Compensation Program

During the current year, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

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

W. DEFINED BENEFIT PENSION PLAN

a. Plan Description

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

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

b. Pension Plan Fiduciary Net Position

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

c. Benefits Provided

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

d. Contributions

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

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

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Current fiscal year employer contributions		\$ 35,792
Current fiscal year member contributions		\$ 115,091
2020 measurement year NECE on-behalf contributions		\$ 98,739
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2019 Medicare, Part D On-Behalf		\$ 4,724
Fiscal year 2020 Medicare, Part D On-Behalf		\$ 6,385
Fiscal year 2021 Medicare, Part D On-Behalf		\$ 6,625

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- 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.

e. Actuarial Assumptions

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal Bond Rate of of August 2019	2.33%. 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)	2119
Inflation	2.30%
Salary Increases including inflation	3.05 % to 9.05% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

f. Discount Rate

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

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System’s target asset allocation as of August 31, 2020, are summarized below:

Asset Class	Target Allocation ¹ %	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Stable Value Hedge	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Res	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Lev	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Total	100%		7.33%

1) Target allocations are based on the FY2020 policy model.
2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)
3) The volatility drag results from the conversion between arithmetic and geometric mean returns.

g. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 683,016	\$ 442,947	\$ 247,896

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

At the current year ended August 31, the District reported a liability of \$442,947 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 442,947
State's proportionate share that is associated with the District	<u>1,281,686</u>
Total	<u>\$ 1,724,633</u>

The net pension liability was measured as of August 31, 2019, and rolled forward to August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019, thru August 31, 2020.

At the current year-end August 31, the employer's proportion of the collective net pension liability was 8.27% which was an increase (decrease) of (1.8)% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the current year ended August 31, the District recognized the following:

Year Ended August 31, 2021 pension expense	\$ 216,729
Revenue for support provided by the State	<u>\$ 154,158</u>

As of the current year ended August 31, the District reported its proportionate share of the TRS 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 actuarial experiences	\$ 809	\$ 12,361
Changes in actuarial assumptions	102,779	43,701
Differences between projected and actual investment earnings	8,967	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	41,693	128,823
Total as of August 31, 2020 measurement date	\$ 154,248	\$ 184,885
Contributions paid to TRS subsequent to the measurement date	35,792	
Total as of fiscal year-end	\$ 190,040	\$ 184,885

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

Fiscal year ended August 31,	Pension Expense Amount
2022	\$ 9,294
2023	2,428
2024	(6,494)
2025	(13,120)
2026	(18,930)
Thereafter	(3,815)

X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

a. Plan Description

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

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

b. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive 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_publications.aspx; by writing to the TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)-542-6592.

c. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and 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. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Monthly Premiums 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	1020	999

d. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and 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 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2020	2021
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 11,498
Current fiscal year member contributions		\$ 9,715
2020 measurement year NECE on-behalf contributions		\$ 16,523

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether they participate in the TRS Care OPEB program*). When hiring a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

e. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

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

The following assumptions and other inputs used for member of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

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

<u>Actuarial Methods and Assumptions:</u>	
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
<u>Additional Actuarial Methods and Assumptions:</u>	
Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Thirty-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	3.05% to 9.05%, including inflation
Ad-hoc Post Employment	None
<u>Benefit Changes</u>	

f. Discount Rate

A single discount rate of 2.33 percent was used to measure the total OPEB Liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at a statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected *to not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020, using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

g. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower and 1 percentage point higher than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
Proportionate share of the net OPEB liability	\$ 737,973	\$ 614,978	\$ 517,831

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

At the current year-end August 31, the District reported a liability of \$614,978 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 were as follows:

District's proportionate share of the collective net OPEB liability	\$ 614,978
State's proportionate share that is associated with the District	826,383
Total	<u>\$ 1,441,361</u>

The Net OPEB Liability was measured as of August 31, 2019, and rolled forward to August 31, 2020, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2019, thru August 31, 2020.

At the current year-end August 31, the employer’s proportion of the collective Net OPEB Liability was 1.61%, compared to 1.68% the previous year.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 502,358	\$ 614,978	\$ 764,972

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 2.63 percent as of August 31, 2019, to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered 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.

The amount of OPEB expense recognized by the District in the reporting period was (\$77,088).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 32,200	\$ 281,446
Changes in actuarial assumptions	37,931	168,876
Differences between projected and actual investment earnings	199	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	38,629	450,404
Contributions paid to TRS subsequent to the measurement date	11,498	
Total as of fiscal year-end	\$ 120,457	\$ 900,726

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

Fiscal year ended August 31,	OPEB Expense Amount
2022	\$ (126,044)
2023	(126,070)
2024	(126,087)
2025	(126,082)
2026	(109,656)
Thereafter	(177,828)

For the current year ended August 31, the District recognized OPEB expense of (\$77,088) and revenue of \$5,738 for support provided by the State.

X. TAX ABATEMENT:

Loraine Independent School District has entered into agreements with Airtricity Roscoe Wind Farm, LLC, Loraine Windfarm Project, LLC, and Third Planet Windpower, LLC on February 12, 2007, August 31, 2007, and June 14, 2017 respectively.

(<https://comptroller.texas.gov/economy/local/ch313/agreement-docs.php>) The agreements were for Airtricity Roscoe Wind Farm, LLC, and Loraine Windfarm Project, LLC to invest capital of \$118,900,000 and \$346,382,926 on a long-term basis for a valuation limitation of \$10,000,000, and \$10,000,000 respectively. For fiscal year 2021, which is year 14 for the agreements, with the M&O tax rate \$.9664 per \$100, with property valued at \$57,600,000 without considering the limit and \$57,600,000 total for Airtricity Roscoe Wind Farm, LLC and Loraine Windfarm Project, LLC. When calculated, the district forgoes collecting \$0 in tax revenue – however, that will be offset by the increase in state funding through the FSP funding formula in future years. In addition to the tax abatement, the Airtricity Roscoe Wind Farm LLC and the Loraine Windfarm Project, LLC have made other commitments.

REQUIRED SUPPLEMENTARY INFORMATION

LORAIN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,640,692	\$ 1,671,161	\$ 1,668,828	\$ (2,333)
5800 State Program Revenues	560,351	564,635	556,286	(8,349)
5020 Total Revenues	<u>2,201,043</u>	<u>2,235,796</u>	<u>2,225,114</u>	<u>(10,682)</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,104,375	1,105,893	1,090,772	15,121
0012 Instructional Resources and Media Services	3,400	3,400	2,827	573
0013 Curriculum and Instructional Staff Development	100	100	65	35
0023 School Leadership	142,343	147,343	141,377	5,966
0031 Guidance, Counseling, and Evaluation Services	68,077	66,559	62,141	4,418
0033 Health Services	47,305	52,305	49,121	3,184
0034 Student (Pupil) Transportation	43,424	43,424	38,085	5,339
0035 Food Services	4,189	4,189	3,720	469
0036 Extracurricular Activities	103,792	108,792	102,673	6,119
0041 General Administration	202,295	206,902	197,551	9,351
0051 Facilities Maintenance and Operations	324,848	388,255	346,859	41,396
0052 Security and Monitoring Services	5,900	5,900	3,201	2,699
0053 Data Processing Services	92,498	101,498	99,327	2,171
0061 Community Services	250	250	134	116
Capital Outlay:				
0081 Facilities Acquisition and Construction	25	25	-	25
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	42,522	47,522	44,671	2,851
0099 Other Intergovernmental Charges	45,835	45,835	38,165	7,670
6030 Total Expenditures	<u>2,231,178</u>	<u>2,328,192</u>	<u>2,220,689</u>	<u>107,503</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,135)	(92,396)	4,425	96,821
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(7,100)	(12,100)	(12,100)	-
1200 Net Change in Fund Balances	(37,235)	(104,496)	(7,675)	96,821
0100 Fund Balance - September 1 (Beginning)	<u>1,536,379</u>	<u>1,536,379</u>	<u>1,536,379</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,499,144</u>	<u>\$ 1,431,883</u>	<u>\$ 1,528,704</u>	<u>\$ 96,821</u>

LORAIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 <u>Plan Year 2020</u>	FY 2020 <u>Plan Year 2019</u>	FY 2019 <u>Plan Year 2018</u>
District's Proportion of the Net Pension Liability (Asset)	0.000827043%	0.00100748%	0.00110688%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 442,947	\$ 523,719	\$ 609,254
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,281,686	1,046,766	1,080,005
Total	<u>\$ 1,724,633</u>	<u>\$ 1,570,485</u>	<u>\$ 1,689,259</u>
District's Covered Payroll	\$ 1,495,372	\$ 1,104,331	\$ 1,222,760
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	29.62%	47.42%	49.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.001160823%	0.0013455%	0.0011399%	0.0006313%
\$ 371,169	\$ 508,433	\$ 402,939	\$ 168,630
702,593	974,254	908,974	808,639
<u>\$ 1,073,762</u>	<u>\$ 1,482,687</u>	<u>\$ 1,311,913</u>	<u>\$ 977,269</u>
\$ 1,272,039	\$ 1,408,489	\$ 1,338,875	\$ 1,350,062
29.18%	36.10%	30.10%	12.49%
82.17%	78.00%	78.43%	83.25%

LORAIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 35,792	\$ 34,295	\$ 35,023
Contribution in Relation to the Contractually Required Contribution	(35,792)	(34,295)	(35,023)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,495,402	\$ 1,495,372	\$ 1,104,331
Contributions as a Percentage of Covered Payroll	2.39%	2.29%	3.17%

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

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

	2018	2017	2016	2015
\$	37,582	\$ 38,045	\$ 42,523	\$ 33,753
	(37,582)	(38,045)	(42,523)	(33,753)
\$	-	\$ -	\$ -	\$ -
\$	1,222,760	\$ 1,272,039	\$ 1,408,489	\$ 1,338,875
	3.07%	2.99%	3.02%	2.52%

LORAIN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.001617746%	0.001548632%	0.002174219%	\$ 0.002531635%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 614,978	\$ 732,368	\$ 1,085,607	\$ 1,100,913
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	826,383	973,152	1,031,260	\$ 990,392
Total	<u>\$ 1,441,361</u>	<u>\$ 1,705,520</u>	<u>\$ 2,116,867</u>	<u>\$ 2,091,305</u>
District's Covered Payroll	\$ 1,495,372	\$ 1,104,331	\$ 1,222,760	\$ 1,272,039
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	41.13%	66.32%	88.78%	\$ 86.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

LORAIN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 11,498	\$ 12,305	\$ 10,977	\$ 15,006
Contribution in Relation to the Contractually Required Contribution	(11,498)	(12,305)	(10,977)	(15,006)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	-
District's Covered Payroll	\$ 1,495,402	\$ 1,495,372	\$ 1,104,331	\$ 1,222,760
Contributions as a Percentage of Covered Payroll	0.77%	0.82%	0.99%	1.23%

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

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

**LORAIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021**

A. Notes to Schedules for the TRS Pension

Changes of benefit terms

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

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

Changes of assumptions

There were no changes to the actuarial assumptions since the prior measurement period.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefit

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

Changes in Assumptions

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

- The discount rate was changed from 2.64 percent as of August 31, 2019, to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

**LORAIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021**

C. Stewardship, Compliance and Accountability

Budget

The Board of Trustees (local school board) is legally required to adopt an annual budget (on a 12-month basis) for the general fund, the food service fund, and if applicable, the debt service fund. The budgets must be prepared by August 20 and adopted by the local school board before expenditures are made and, if applicable, before the tax rate for the year is set. The required supplementary information is located as follows:

- The general fund budget is located in Exhibit G-1 “Budgetary Comparison Schedule – General Fund.
- The food service fund is located in Exhibit J-2 “Budgetary Comparison Schedule – Child Nutrition Fund.
- The debt service fund is located in Exhibit J-3 “Budgetary Comparison Schedule – Debt Service Fund”.

Once a budget is approved, it can be amended at the fund and function level only by a majority of the members of the Board of Trustees.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under State of Texas law, appropriations lapse at year end August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year’s budget.

It is a violation of Texas State Law for expenditures to exceed the budget in any function of the general fund, the food service fund, or the debt service fund.

Expenditures Exceeding Appropriation

- The current year expenditures did not exceed appropriations in the general fund as detailed in Exhibit G-1 “Budgetary Comparison Schedule -General Fund”.
- The current year expenditures did not exceed appropriations in any functions in the food service fund as detailed in Exhibit J-2 “Budgetary Comparison Schedule -Child Nutrition Fund”.
- The current year expenditures did exceed appropriations in the debt service function as detailed in Exhibit J-3 “Budgetary Comparison Schedule -Debt Service Fund”. This overage occurred from an audit adjustment recording the issuance of refunding bonds.

**OTHER SUPPLEMENTARY INFORMATION –
COMBINING AND INDIVIDUAL SCHEDULES**

LORAIN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2021

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 15,212	\$ -
1240	Due from Other Governments	-	11,397	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 11,397</u>	<u>\$ 15,212</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	6,442	4,926	-
2170	Due to Other Funds	-	4,236	-	-
2200	Accrued Expenditures	-	719	107	-
2000	Total Liabilities	<u>-</u>	<u>11,397</u>	<u>5,033</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	10,179	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>10,179</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 11,397</u>	<u>\$ 15,212</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	282 ESSER Fund III	289 ESEA Title IV, Part A	429 Pre Kindergarten Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,744	\$ 26,956
756	-	16,317	-	20,027	-	48,497
<u>\$ 756</u>	<u>\$ -</u>	<u>\$ 16,317</u>	<u>\$ -</u>	<u>\$ 20,027</u>	<u>\$ 11,744</u>	<u>\$ 75,453</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246	\$ 246
222	-	-	-	-	-	11,590
509	-	16,317	-	20,027	-	41,089
25	-	-	-	-	-	851
<u>756</u>	<u>-</u>	<u>16,317</u>	<u>-</u>	<u>20,027</u>	<u>246</u>	<u>53,776</u>
-	-	-	-	-	-	10,179
-	-	-	-	-	11,498	11,498
-	-	-	-	-	11,498	21,677
<u>\$ 756</u>	<u>\$ -</u>	<u>\$ 16,317</u>	<u>\$ -</u>	<u>\$ 20,027</u>	<u>\$ 11,744</u>	<u>\$ 75,453</u>

LORAIN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 4,308	\$ -
5800 State Program Revenues	-	-	540	-
5900 Federal Program Revenues	3,114	88,509	98,938	1,141
5020 Total Revenues	3,114	88,509	103,786	1,141
EXPENDITURES:				
Current:				
0011 Instruction	3,114	88,509	-	1,141
0035 Food Services	-	-	113,469	-
0036 Extracurricular Activities	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	3,114	88,509	113,469	1,141
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(9,683)	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	12,100	-
1200 Net Change in Fund Balance	-	-	2,417	-
0100 Fund Balance - September 1 (Beginning)	-	-	7,762	-
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 10,179	\$ -

255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	282 ESSER Fund III	289 ESEA Title IV, Part A	429 Pre Kindergarten Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	17,334	\$ 21,642
-	-	-	-	19,924	-	20,464
5,667	10,190	16,317	7,500	-	-	231,376
5,667	10,190	16,317	7,500	19,924	17,334	273,482
5,667	10,190	16,317	7,500	-	-	132,438
-	-	-	-	-	-	113,469
-	-	-	-	-	14,264	14,264
-	-	-	-	19,924	-	19,924
5,667	10,190	16,317	7,500	19,924	14,264	280,095
-	-	-	-	-	3,070	(6,613)
-	-	-	-	-	-	12,100
-	-	-	-	-	3,070	5,487
-	-	-	-	-	-	7,762
-	-	-	-	-	8,428	8,428
\$ -	\$ -	\$ -	\$ -	\$ -	11,498	\$ 21,677

REQUIRED TEA SCHEDULES

LORAIN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.170000	0.256200	67,928,088
2014	1.170000	0.275000	74,877,137
2015	1.170000	0.291800	78,433,804
2016	1.165700	0.307800	85,584,868
2017	1.170000	0.380000	82,629,032
2018	1.170000	0.433000	85,549,094
2019	1.040000	0.446600	147,494,882
2020	0.970000	0.466700	171,494,671
2021 (School year under audit)	0.966400	0.500000	161,913,085
1000 TOTALS			

(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 28,252	\$ -	\$ 301	\$ 815	\$ 815	\$ 27,951
3,209	-	59	13	-	3,137
7,063	-	83	19	(1)	6,960
10,739	-	263	66	(75)	10,335
16,531	-	1,144	302	(736)	14,349
22,158	-	1,741	565	(1,158)	18,694
26,708	-	1,226	454	(1,163)	23,865
38,556	-	2,371	1,018	(1,431)	33,736
68,584	-	19,801	9,527	(1,559)	37,697
-	2,374,289	1,536,816	795,120	-	42,353
<u>\$ 221,800</u>	<u>\$ 2,374,289</u>	<u>\$ 1,563,805</u>	<u>\$ 807,899</u>	<u>\$ (5,308)</u>	<u>\$ 219,077</u>

LORAIN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 17,534	\$ 17,250	\$ 4,308	\$ (12,942)
5800 State Program Revenues	650	650	540	(110)
5900 Federal Program Revenues	90,213	90,213	98,938	8,725
5020 Total Revenues	108,397	108,113	103,786	(4,327)
EXPENDITURES:				
Current:				
0035 Food Services	115,497	115,213	113,469	1,744
6030 Total Expenditures	115,497	115,213	113,469	1,744
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,100)	(7,100)	(9,683)	(2,583)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	7,100	12,100	12,100	-
1200 Net Change in Fund Balances	-	5,000	2,417	(2,583)
0100 Fund Balance - September 1 (Beginning)	7,762	7,762	7,762	-
3000 Fund Balance - August 31 (Ending)	\$ 7,762	\$ 12,762	\$ 10,179	\$ (2,583)

LORAIN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 795,770	\$ 795,770	\$ 821,874	\$ 26,104
5800 State Program Revenues	-	-	9,917	9,917
5020 Total Revenues	795,770	795,770	831,791	36,021
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	550,000	550,000	650,000	(100,000)
0072 Interest on Long-Term Debt	244,770	244,770	247,670	(2,900)
0073 Bond Issuance Cost and Fees	1,000	1,000	113,142	(112,142)
6030 Total Expenditures	795,770	795,770	1,010,812	(215,042)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(179,021)	(179,021)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	6,870,000	6,870,000
7916 Premium or Discount on Issuance of Bonds	-	-	763,579	763,579
8949 Other (Uses)	-	-	(7,405,000)	(7,405,000)
7080 Total Other Financing Sources (Uses)	-	-	228,579	228,579
1200 Net Change in Fund Balances	-	-	49,558	49,558
0100 Fund Balance - September 1 (Beginning)	42,848	42,848	42,848	-
3000 Fund Balance - August 31 (Ending)	\$ 42,848	\$ 42,848	\$ 92,406	\$ 49,558

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

LORRAINE INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$155,001
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$172,612

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$3,049
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$1,885

REPORTS ON COMPLIANCE AND INTERNAL CONTROLS

James E. Rodgers and Company, P.C.

Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: rodgerscpa@att.net

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

November 15, 2021

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*

Independent Auditor's Report

To the Board of Trustees
Loraine Independent School District
Loraine, Texas 79532

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Loraine Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Loraine Independent School District's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

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

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

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

James E. Rodgers and Company, P.C.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Loraine Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards as listed in the Schedule of Findings and Responses as item 2021-001*.

Purpose of this Report

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

Respectfully submitted,

James E. Rodgers and Company

James E. Rodgers and Company, P.C.



Loraine Independent School District

800 S. Lightfoot

Loraine, TX 79532

Phone: 325-737-2225 Fax: 325-737-2701

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of the Auditor's Results:

1. Type of report issued on the financial statements - **Unmodified opinion.**
2. Significant deficiencies in internal control – **None** / Significant deficiencies that were material weaknesses - **None.**
3. Noncompliance, which is material to the financial statements – **Yes**

II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards (GAGAS)*.

Finding 2021-001:

- | | |
|------------------------------|--|
| a. Condition: | The district expenditures in the debt service fund and function exceeded the appropriation budget by \$215,042 after recording the current fiscal year refunding bond entries. |
| b. Criteria: | State laws violation occurs when expenditures exceed any given function of the District. |
| c. Cause: | An audit adjustment recording the current year refunding bonds issued and the payment for retirement of previously issued bonds as well as fees incurred during the refunding. This transaction was approved by the board of trustees; however, the debt service budget was not amended. |
| d. Effect: | The recording of the issuance of the refunding bonds including fees incurred exceeded the budget in the debt service fund and function. |
| e. Recommendation: | The district should make sure that all entries are made in the event of future bond refunding and also make sure that the appropriations budget is amended as necessary due to the bond refunding. |
| f. District Response: | The District has employed new personnel in the business operations of the administration and along with the Superintendent will make sure that budgets are properly amended if future refunding bonds are issued. |

SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

LORAIN INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	Yes
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$0