

**PEASTER**  
**INDEPENDENT SCHOOL DISTRICT**  
**WEATHERFORD, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**



**PEASTER INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021**

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## **CERTIFICATE OF BOARD**

<b>Peaster Independent School District</b>	<b>Parker</b>	<b>184908</b>
Name of School District	County	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 **June 30, 2021**, at a meeting of the Board of Trustees of such school district on the **21st** day of **October 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)

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# 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](mailto:rodgerscpa@att.net)

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

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

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October 21, 2021

### **Report on Financial Statements Issued in Accordance with Government Auditing Standards and a Single Audit Accompanied by Required Supplementary Information, Supplementary Information, and Other Information**

#### **Independent Auditor's Report**

**To the Board of Trustees  
Peaster Independent School District  
Weatherford, Texas 76088**

#### **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 Peaster Independent School District (the District) as of and for the ten months ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Peaster 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.

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

# James E. Rodgers and Company, P.C.

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## **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 Peaster Independent School District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the ten months 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 Peaster Independent School District's basic financial statements. The combining and individual nonmajor 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

# James E. Rodgers and Company, P.C.

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## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of the Peaster 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 Peaster 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 Peaster Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

*James E. Rodgers and Company*

James E. Rodgers and Company, P.C.

# PEASTER INDEPENDENT SCHOOL DISTRICT

3602 Harwell Lake Rd,  
Weatherford, Texas 76088



Phone: 817-341-5000 \* Fax: 817-341-5003

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the administration of **Peaster Independent School District**, discuss and analyze the District's financial performance for the ten months ended June 30, 2021. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

### FINANCIAL HIGHLIGHTS

#### Highlights of Current 10 Months Finances

District's Total Net Position at the End of the Year	\$	(1,359,552)
Total District Revenues for the Current Fiscal Year	\$	18,714,309
Total District Expenses for the Current Fiscal Year	\$	18,021,359
Fund Balance in the General Fund at the End of Year	\$	3,315,683

#### 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	\$ 692,950	-33.76%
<u>Revenue Changes:</u>		
Change in the District's Total Revenues	\$ (1,563,445)	-7.71%
Change in the District's Property Tax Revenues	\$ 244,303	4.26%
Change in the District's State Aid Formula Grants	\$ (352,526)	-4.28%
Change in Operating Grants and Contributions	\$ (914,236)	-24.41%
<u>Expense Changes:</u>		
Change in the District's Total Expenses	\$ (2,597,083)	-12.60%
<u>Other Information:</u>		
Change in the District's General Fund Balance	\$ 1,581,205	91.16%
Excess (Deficit) of Actual Revenue over Budgeted Revenue	\$ 258,547	2.03%



## **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 net 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 combine the District into one kind of activity (all governmental 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.

## **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 does not maintain proprietary funds at present.

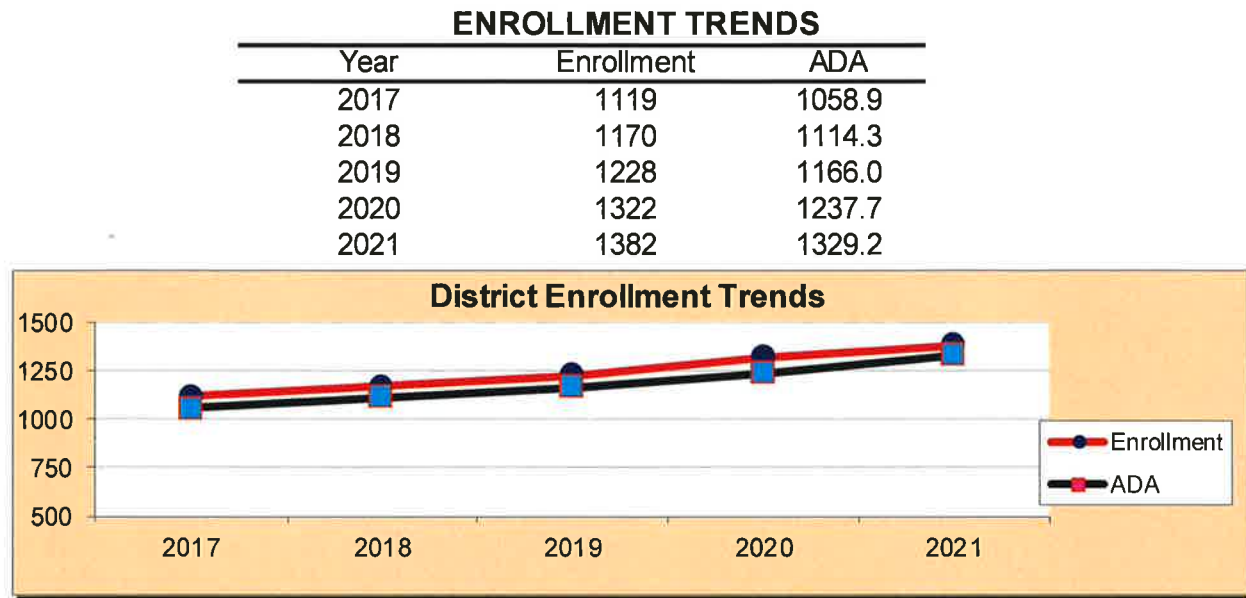
## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net position (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.



The following table indicates the net position of the District at the end of the previous and current years.

<b>Table I</b> <b>PEASTER INDEPENDENT SCHOOL DISTRICT</b> <b>Net Position</b>						
	Governmental Activities		Business-Type Activities		Totals	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 4,875,146	\$ 8,946,520	\$ -	\$ -	\$ 4,875,146	\$ 8,946,520
Capital assets	24,739,411	23,227,839	-	-	24,739,411	23,227,839
Deferred Outflows	4,098,048	3,429,029	-	-	4,098,048	3,429,029
<b>Total assets &amp; deferred outflows</b>	<b>\$ 33,712,605</b>	<b>\$ 35,603,388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,712,605</b>	<b>\$ 35,603,388</b>
Long-term liabilities	\$ 21,797,188	\$ 22,234,359	\$ -	\$ -	\$ 21,797,188	\$ 22,234,359
Other liabilities	1,541,837	2,477,865	-	-	1,541,837	2,477,865
Net pension liability	4,000,157	3,862,391	-	-	4,000,157	3,862,391
Net OPEB liability	5,426,550	4,457,943	-	-	5,426,550	4,457,943
Deferred Inflows	2,999,375	3,930,382	-	-	2,999,375	3,930,382
<b>Total liabilities &amp; deferred inflows</b>	<b>\$ 35,765,107</b>	<b>\$ 36,962,940</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,765,107</b>	<b>\$ 36,962,940</b>
Net Position:						
Net Investment in capital assets	\$ 3,268,786	\$ 1,802,510	\$ -	\$ -	\$ 3,268,786	\$ 1,802,510
Restricted	1,518,972	2,793,897	-	-	1,518,972	2,793,897
Unrestricted	(6,840,260)	(5,955,959)	-	-	(6,840,260)	(5,955,959)
<b>Total Net Position</b>	<b>\$ (2,052,502)</b>	<b>\$ (1,359,552)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,052,502)</b>	<b>\$ (1,359,552)</b>

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

<b>Table II</b> <b>PEASTER INDEPENDENT SCHOOL DISTRICT</b> <b>Changes in Net Postion</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
<b>Program Revenues:</b>						
Charges for Services	\$ 1,985,064	\$ 1,789,482	\$ -	\$ -	\$ 1,985,064	\$ 1,789,482
Operating grants & contributions	3,745,235	2,830,999	-	-	3,745,235	2,830,999
<b>General Revenues:</b>						
Maintenance & operations taxes	4,060,565	4,119,499	-	-	4,060,565	4,119,499
Debt service taxes	1,672,851	1,858,220	-	-	1,672,851	1,858,220
State aid - formula grants	8,239,529	7,887,003	-	-	8,239,529	7,887,003
Grants and contributions not restricted to specific functions	-	-	-	-	-	-
Investment earnings	48,848	26,289	-	-	48,848	26,289
Miscellaneous	525,662	202,817	-	-	525,662	202,817
<b>Total Revenues</b>	<b>\$ 20,277,754</b>	<b>\$ 18,714,309</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,277,754</b>	<b>\$ 18,714,309</b>
<b>Expenses</b>						
Instruction, curriculum & media services	\$ 11,824,808	\$ 10,398,866	\$ -	\$ -	\$ 11,824,808	\$ 10,398,866
Instructional & school leadership	1,423,342	1,166,758	-	-	1,423,342	1,166,758
Student support services	1,811,755	1,568,527	-	-	1,811,755	1,568,527
Food Services	584,472	585,494	-	-	584,472	585,494
Extracurricular activities	1,006,381	915,395	-	-	1,006,381	915,395
General administration & data processing	1,220,858	1,081,760	-	-	1,220,858	1,081,760
Plant maintenance & security	1,671,514	1,323,007	-	-	1,671,514	1,323,007
Community Services	-	-	-	-	-	-
Interest & fees on long term debt	804,273	804,696	-	-	804,273	804,696
Other business-type activities & intergovernmental	271,039	176,856	-	-	271,039	176,856
<b>Total Expenses</b>	<b>\$ 20,618,442</b>	<b>\$ 18,021,359</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,618,442</b>	<b>\$ 18,021,359</b>
<b>Increase in net position before transfers and special items</b>	<b>\$ (340,688)</b>	<b>\$ 692,950</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (340,688)</b>	<b>\$ 692,950</b>
Transfers	-	-	-	-	-	-
Extraordinary & special items	-	-	-	-	-	-
Prior period adjustment	(29,286)	-	-	-	(29,286)	-
Net position at 9/1	(1,682,528)	(2,052,502)	-	-	(1,682,528)	(2,052,502)
<b>Total Net Position</b>	<b>\$ (2,052,502)</b>	<b>\$ (1,359,552)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,052,502)</b>	<b>\$ (1,359,552)</b>

An analysis of the change in the net position for governmental activities is as follows:

<b>Excess of Revenues Over Expenditures for Governmental Funds</b>	<b>\$ 3,094,811</b>
<b>Net Gain (Loss) of Internal Service Funds</b>	<b>-</b>
<b>Current Year Purchases of Capital Assets</b>	<b>37,601</b>
<b>Current Year Debt Principal Payments</b>	<b>4,739,900</b>
<b>Depreciation</b>	<b>(1,549,173)</b>
<b>Other Modified to Full Accrual Revenue Adjustments</b>	<b>(5,150,325)</b>
<b>Net Adjustment to Pension Expense per GASB 68</b>	<b>(539,190)</b>
<b>Net Adjustment for OPEB plan required by GASB 75</b>	<b>59,326</b>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 692,950</b>

## THE DISTRICT'S FUNDS

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

Governmental Fund Financial Statements					
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Revenues	\$ 12,979,135	\$ 3,629,195	\$ 1,934,737	\$ -	\$ 18,543,067
Expenditures	(11,278,192)	(3,735,146)	(5,561,683)	(108,649)	(20,683,670)
Other Financing Sources	-	11,089	5,235,414	108,649	5,355,152
Other Financing Uses	(119,738)	-	-	-	(119,738)
Net Change in Fund Balance	\$ 1,581,205	\$ (94,862)	\$ 1,608,468	\$ -	\$ 3,094,811
Beginning Fund Balance	1,734,478	966,891	522,311	62	3,223,742
Prior Period Adjustment	-	-	-	-	-
<b>Ending Fund Balance</b>					
<b>All Governmental Funds</b>	<b>\$ 3,315,683</b>	<b>\$ 872,029</b>	<b>\$ 2,130,779</b>	<b>\$ 62</b>	<b>\$ 6,318,553</b>

The District modified its budget several times during the year resulting in a net change in budgeted expenditures between the original and final budget in the District's General Fund. The current year general fund original and amended budget is detailed in Exhibit G-1.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

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

Junior High and Rock Gym Parking Lot	\$ 24,600
Field House	6,580
Ag Utility Band Saw	6,421
	-
<b>TOTAL</b>	<b>\$ 37,601</b>
Total Additions	\$ 37,601
Total Deletions	-
<b>Net Change</b>	<b>\$ 37,601</b>

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

## Debt

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

	Interest Rate on Issue	Amounts Original Issue	Interest Current Year	Outstanding 6/30/2021	Next Year's Total Principal and Interest Requirement
2014B School Building Bonds	2.00%-3.00%	\$ 5,745,000	\$ 14,925	\$ 995,000	\$ 236,700
2015 Tax Refunding Bonds	2.00%-4.00%	\$ 3,555,000	58,875	3,115,000	285,200
2018 Tax Refunding Bonds	0.50%-4.00%	\$ 6,900,000	140,775	6,020,000	555,950
2018A Tax Refunding Bonds	2.00%-5.00%	\$ 3,699,429	34,625	2,859,429	517,750
2018B Tax Refunding Bonds	3.34%-4.00%	\$ 2,177,877	23,400	2,177,877	46,800
2020 Tax Refunding Bonds	4.00%-4.00%	\$ 4,710,000	51,628	4,710,000	204,848
2020 Series Maintenance Tax Notes	3.00%-4.00%	\$ 318,000	7,569	298,101	26,700
<b>Totals</b>			\$ 331,797	\$ 20,175,407	\$ 1,873,948

## 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. Property values along with expected student enrollment were 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	\$ 14,011,076	\$ 553,122	\$ 1,853,248	\$ 16,417,446
Expenditures	(14,011,076)	(553,122)	(1,853,248)	(16,417,446)
Other Financing Sources	-	-	-	-
Other Financing Uses	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -
Beginning of Year Fund Balance	3,315,683	-	2,130,779	5,446,462
Projected End of Year Fund Balance	\$ 3,315,683	\$ -	\$ 2,130,779	\$ 5,446,462



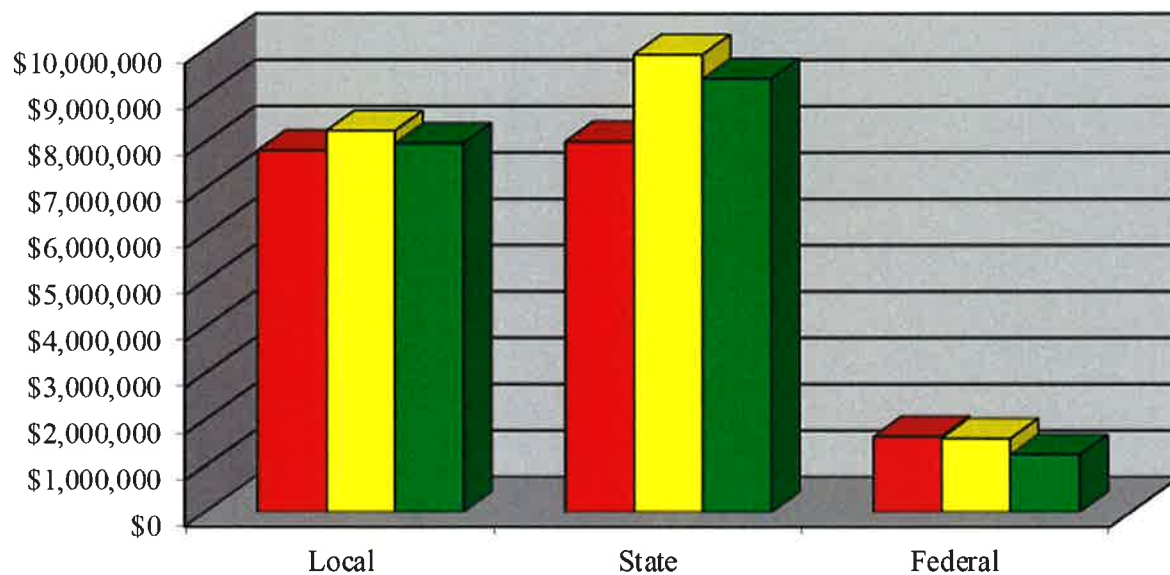
The following graph indicates the District's revenues by source for the last three years.

## PEASTER INDEPENDENT SCHOOL DISTRICT

### REVENUES BY SOURCE

	FY 2018-2019	FY 2019-2020	FY 2020-2021
<b>ADA</b>	<b>1165,957</b>	<b>1237,69</b>	<b>1329,229</b>
<b>Local</b>	<b>\$7,805,680</b>	<b>\$8,228,954</b>	<b>\$7,955,774</b>
<b>State</b>	<b>7,992,853</b>	<b>9,873,607</b>	<b>9,352,279</b>
<b>Federal</b>	<b>1,626,767</b>	<b>1,581,669</b>	<b>1,235,014</b>
<b>Total</b>	<b>\$17,425,300</b>	<b>\$19,684,230</b>	<b>\$18,543,067</b>

### Revenues by Source

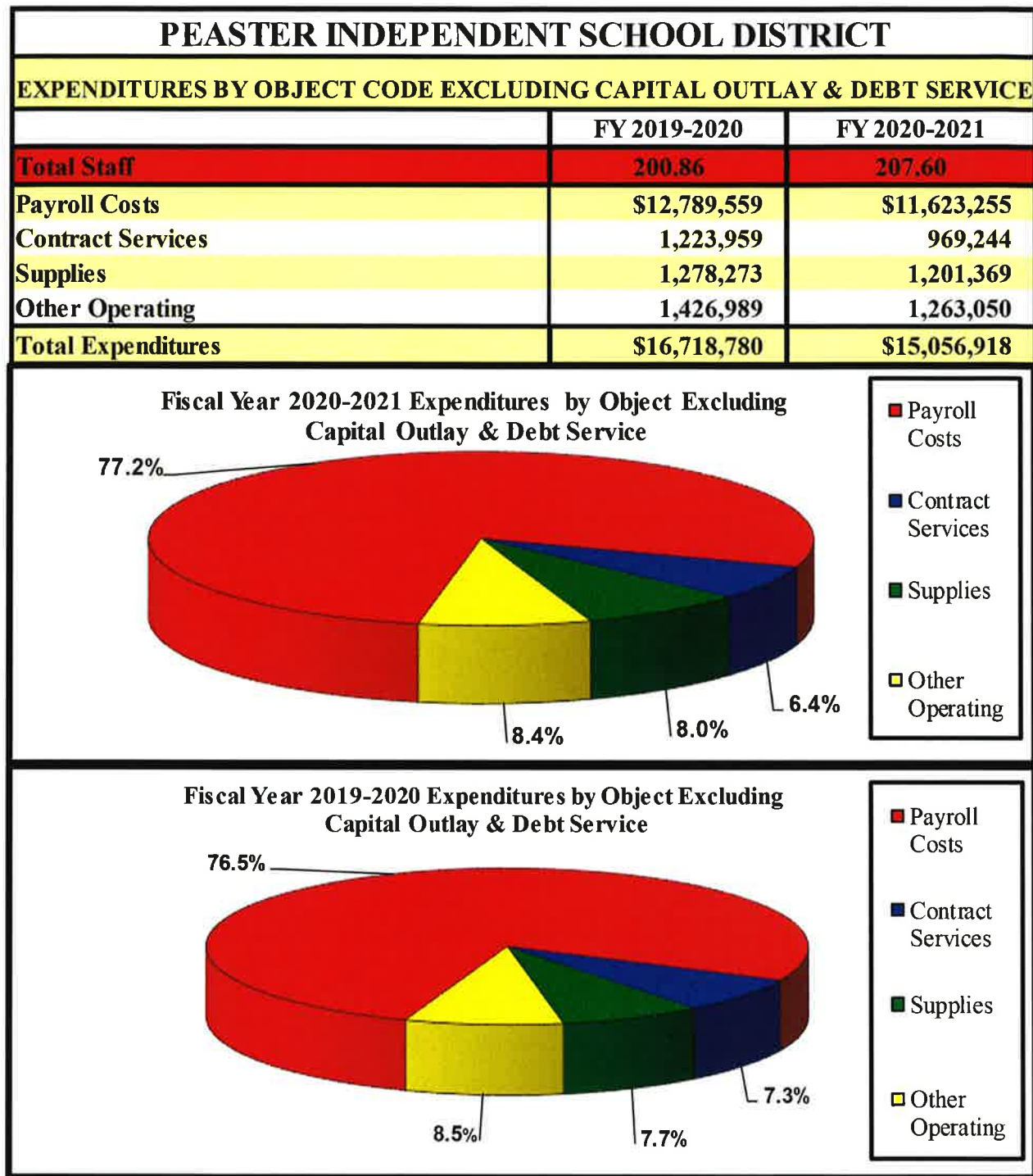


■ FY 2018-2019

■ FY 2019-2020

■ FY 2020-2021

The following graph indicates the District's operating 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 Peaster Independent School District, 3602 Harwell Lake Road, Weatherford, Texas 76088: (817) 341-5000.



## **BASIC FINANCIAL STATEMENTS**

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 4,851,586
1120 Current Investments	1,327,447
1220 Property Taxes - Delinquent	200,134
1230 Allowance for Uncollectible Taxes	(50,034)
1240 Due from Other Governments	2,617,387
Capital Assets:	
1510 Land	1,010,585
1520 Buildings, Net	19,913,353
1530 Furniture and Equipment, Net	1,512,761
1580 Construction in Progress	791,140
1000 Total Assets	32,174,359
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	276,343
1705 Deferred Outflow Related to TRS Pension	1,988,477
1706 Deferred Outflow Related to TRS OPEB	1,164,209
1700 Total Deferred Outflows of Resources	3,429,029
<b>LIABILITIES</b>	
2110 Accounts Payable	157,813
2150 Payroll Deductions and Withholdings	25
2160 Accrued Wages Payable	884,321
2180 Due to Other Governments	1,171
2200 Accrued Expenses	101,103
2300 Unearned Revenue	1,333,432
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,450,586
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	20,783,773
2540 Net Pension Liability (District's Share)	3,862,391
2545 Net OPEB Liability (District's Share)	4,457,943
2000 Total Liabilities	33,032,558
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	666,026
2606 Deferred Inflow Related to TRS OPEB	3,264,356
2600 Total Deferred Inflows of Resources	3,930,382
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	1,802,510
Restricted:	
3850 Restricted for Debt Service	1,921,806
3860 Restricted for Capital Projects	62
3870 Restricted for Campus Activities	872,029
3900 Unrestricted	(5,955,959)
3000 Total Net Position	\$ (1,359,552)

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

EXHIBIT B-1

FOR THE TEN MONTHS ENDED JUNE 30, 2021

					Net (Expense) Revenue and Changes in Net Position
Data		Program Revenues			
Control	1	3	4		6
Codes		Charges for	Operating		Primary Gov.
	Expenses	Services	Grants and Contributions		Governmental Activities
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 10,147,669	\$ 1,466,987	\$ 1,625,232	\$ (7,055,450)
12	Instructional Resources and Media Services	232,202	-	13,376	(218,826)
13	Curriculum and Instructional Staff Development	18,995	-	-	(18,995)
21	Instructional Leadership	429,501	-	27,821	(401,680)
23	School Leadership	737,257	-	47,818	(689,439)
31	Guidance, Counseling, and Evaluation Services	978,340	-	553,687	(424,653)
33	Health Services	168,570	-	12,520	(156,050)
34	Student (Pupil) Transportation	421,617	-	17,297	(404,320)
35	Food Services	585,494	242,785	314,376	(28,333)
36	Extracurricular Activities	915,395	69,102	39,534	(806,759)
41	General Administration	754,836	-	134,270	(620,566)
51	Facilities Maintenance and Operations	1,291,451	10,608	34,708	(1,246,135)
52	Security and Monitoring Services	31,556	-	-	(31,556)
53	Data Processing Services	326,924	-	10,360	(316,564)
72	Debt Service - Interest on Long-Term Debt	652,949	-	-	(652,949)
73	Debt Service - Bond Issuance Cost and Fees	151,747	-	-	(151,747)
93	Payments Related to Shared Services Arrangements	176,856	-	-	(176,856)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 18,021,359	\$ 1,789,482	\$ 2,830,999	(13,400,878)
Data					
Control					
Codes					
	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				4,119,499
DT	Property Taxes, Levied for Debt Service				1,858,220
SF	State Aid - Formula Grants				7,887,003
IE	Investment Earnings				26,289
MI	Miscellaneous Local and Intermediate Revenue				202,817
TR	Total General Revenues				14,093,828
CN	Change in Net Position				692,950
NB	Net Position - Beginning				(2,052,502)
NE	Net Position - Ending				\$ (1,359,552)

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes	10 General Fund	458 SSA Brazos River Coop Fund	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 1,359,883	\$ 1,104,362	\$ 1,697,443
1120 Investments - Current	349,501	-	434,507
1220 Property Taxes - Delinquent	141,983	-	58,151
1230 Allowance for Uncollectible Taxes	(35,496)	-	(14,538)
1240 Due from Other Governments	2,570,459	-	-
1260 Due from Other Funds	59,439	-	-
1000 Total Assets	<u>\$ 4,445,769</u>	<u>\$ 1,104,362</u>	<u>\$ 2,175,563</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 62,412	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	25	-	-
2160 Accrued Wages Payable	790,846	5,038	-
2170 Due to Other Funds	111,991	-	-
2180 Due to Other Governments	-	-	1,171
2200 Accrued Expenditures	58,325	7,007	-
2300 Unearned Revenue	-	1,092,317	-
2000 Total Liabilities	<u>1,023,599</u>	<u>1,104,362</u>	<u>1,171</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	106,487	-	43,613
2600 Total Deferred Inflows of Resources	<u>106,487</u>	<u>-</u>	<u>43,613</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	-	2,130,779
3490 Other Restricted Fund Balance	-	-	-
3600 Unassigned Fund Balance	3,315,683	-	-
3000 Total Fund Balances	<u>3,315,683</u>	<u>-</u>	<u>2,130,779</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,445,769</u>	<u>\$ 1,104,362</u>	<u>\$ 2,175,563</u>

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

Other Funds	Total Governmental Funds
\$ 689,898	\$ 4,851,586
543,439	1,327,447
-	200,134
-	(50,034)
46,928	2,617,387
108,649	168,088
<u>\$ 1,388,914</u>	<u>\$ 9,114,608</u>
\$ 95,403	\$ 157,815
-	25
88,437	884,321
59,439	171,430
-	1,171
32,429	97,761
241,115	1,333,432
<u>516,823</u>	<u>2,645,955</u>
-	150,100
-	150,100
62	62
-	2,130,779
872,029	872,029
-	3,315,683
<u>872,091</u>	<u>6,318,553</u>
<u>\$ 1,388,914</u>	<u>\$ 9,114,608</u>

PEASTER INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 6,318,553</b>
1 The District does use 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 would be included in governmental activities in the statement of net position if applicable. The net effect of this consolidation does not increase or 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 \$44,182,800 and the accumulated depreciation was \$19,443,389. 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 decrease net position.	3,232,355
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 decrease net position.	4,777,501
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 \$1,988,477, a deferred resource inflow in the amount of \$666,026, and a net pension liability in the amount of \$3,862,391. This resulted in a decrease in net position.	(2,539,940)
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 OPEB included a deferred resource outflow in the amount of \$1,164,209, a deferred resource inflow in the amount of \$3,264,356, and a net OPEB liability in the amount of \$4,457,943. This resulted in a decrease in net position.	(6,558,090)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,549,173)
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.	(5,040,758)
<b>19 Net Position of Governmental Activities</b>	<b>\$ (1,359,552)</b>

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

Data Control Codes	10 General Fund	458 SSA Brazos River Coop Fund	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 4,353,374	\$ 442,652	\$ 1,851,825
5800 State Program Revenues	8,532,393	25,012	82,912
5900 Federal Program Revenues	93,368	-	-
5020 Total Revenues	12,979,135	467,664	1,934,737
EXPENDITURES:			
Current:			
0011 Instruction	6,614,083	330,352	-
0012 Instructional Resources and Media Services	224,080	-	-
0013 Curriculum and Instructional Staff Development	13,332	420	-
0021 Instructional Leadership	79,366	114,892	-
0023 School Leadership	698,658	-	-
0031 Guidance, Counseling, and Evaluation Services	236,953	-	-
0033 Health Services	162,055	-	-
0034 Student (Pupil) Transportation	317,786	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	769,196	-	-
0041 General Administration	705,185	2,000	-
0051 Facilities Maintenance and Operations	999,435	-	-
0052 Security and Monitoring Services	17,653	-	-
0053 Data Processing Services	256,085	-	-
Debt Service:			
0071 Principal on Long-Term Debt	19,900	-	4,720,000
0072 Interest on Long-Term Debt	7,569	-	689,936
0073 Bond Issuance Cost and Fees	-	-	151,747
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	156,856	20,000	-
6030 Total Expenditures	11,278,192	467,664	5,561,683
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,700,943	-	(3,626,946)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	4,710,000
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	525,414
8911 Transfers Out (Use)	(119,738)	-	-
7080 Total Other Financing Sources (Uses)	(119,738)	-	5,235,414
1200 Net Change in Fund Balances	1,581,205	-	1,608,468
0100 Fund Balance - September 1 (Beginning)	1,734,478	-	522,311
3000 Fund Balance - June 30 (Ending)	\$ 3,315,683	\$ -	\$ 2,130,779

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

		Total	
Other		Governmental	
Funds		Funds	
\$	1,307,923	\$	7,955,774
	711,962		9,352,279
	1,441,646		1,235,014
	3,161,531		18,543,067
	1,778,713		8,723,148
	-		224,080
	5,243		18,995
	218,915		413,173
	-		698,658
	660,379		897,332
	-		162,055
	-		317,786
	552,897		552,897
	-		769,196
	5,184		712,369
	45,492		1,044,927
	659		18,312
	-		256,085
	-		4,739,900
	-		697,505
	-		151,747
	108,649		108,649
	-		176,856
	3,376,131		20,683,670
	(214,600)		(2,140,603)
	-		4,710,000
	119,738		119,738
	-		525,414
	-		(119,738)
	119,738		5,235,414
	(94,862)		3,094,811
	966,953		3,223,742
\$	872,091	\$	6,318,553



PEASTER INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 3,094,811</b>
The District does use internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with governmental activities. The net effect of this consolidation did not increase or decrease net position.	-
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 decrease net position.	4,777,501
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.	(1,549,173)
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, adjusting current year revenue to show the revenue earned from the current year's tax levy, 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 decrease net position.	(5,150,325)
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 \$256,749. 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 \$249,850. 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 \$546,089. The net result is a decrease in the change in net position.	(539,190)
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 \$77,165. 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 \$72,194. 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 \$54,355. The net result is an increase in the change in net position.	59,326
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 692,950</b>

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	\$ 3,342
Total Assets	3,342
LIABILITIES	
Current Liabilities:	
Accrued Expenses	3,342
Total Liabilities	3,342
NET POSITION	
Restricted for Other Purposes	-
Total Net Position	\$ -

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 501
Total Operating Revenues	501
OPERATING EXPENSES:	
Payroll Costs	501
Total Operating Expenses	501
Operating Income	-
Total Net Position - September 1 (Beginning)	-
Total Net Position - June 30 (Ending)	\$ -

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ -
Cash Payments for Insurance Claims	-
Net Cash Provided by Operating Activities	-
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of the Period	-
Cash and Cash Equivalents at End of the Period	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ -
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	501
Increase (decrease) in Accrued Expenses	(501)
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.

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021

Data Control Codes		Private Purpose Trust Funds	865 Student Activity Custodial Fund	825 Fiduciary Component Unit
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 38,769	\$ 32,980	\$ -
1120	Investments - Current	584,337	-	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1800	Restricted Assets	-	-	88,009
1000	<b>Total Assets</b>	<u>\$ 623,106</u>	<u>\$ 32,980</u>	<u>\$ 88,009</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	-	-
2000	<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>				
3870	Restricted for Campus Activities	\$ -	\$ 32,980	\$ -
3870	Restricted for Scholarships	623,106	-	-
3870	Restricted for Other Purposes	-	-	88,009
3000	<b>Total Net Position</b>	<u>\$ 623,106</u>	<u>\$ 32,980</u>	<u>\$ 88,009</u>

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE 10 MONTHS ENDED JUNE 30, 2021

Data Control Codes	Private Purpose Trust Funds	865 Student Activity Custodial Fund	825 Fiduciary Component Unit
<b>ADDITIONS:</b>			
5744 Contributions to Student Groups	\$ -	\$ -	\$ -
5748 Received From Student Groups	-	-	-
5749 Miscellaneous Revenue - Student Activities	-	-	-
5755 Enterprising Services Revenue	-	33,859	291,714
5759 Cocurricular Services or Activities	-	-	-
5742 Earnings from Temporary Deposits	10,894	-	-
5744 Contributions, Gifts and Donations	28,500	-	-
5749 Miscellaneous Additions	-	-	-
5000 <b>Total Additions</b>	<u>\$ 39,394</u>	<u>\$ 33,859</u>	<u>\$ 291,714</u>
<b>DEDUCTIONS:</b>			
6100 Payroll Costs	\$ -	\$ -	\$ -
6200 Professional and Contracted Services	-	-	-
6300 Supplies and Materials	-	4,969	-
6400 Other Deductions	31,699	-	203,705
6000 <b>Total Deductions</b>	<u>\$ 31,699</u>	<u>\$ 4,969</u>	<u>\$ 203,705</u>
1100 Change in Fiduciary Net Position	\$ 7,695	\$ 28,890	\$ 88,009
9100 Total Net Position - September 1 (Beginning)	615,411	4,090	-
9110 Prior Period Adjustment	-	-	-
9200 <b>Total Net Position - August 31 (Ending)</b>	<u><u>\$ 623,106</u></u>	<u><u>\$ 32,980</u></u>	<u><u>\$ 88,009</u></u>

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

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

10 MONTHS ENDED JUNE 30, 2021

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Peaster 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 Statement 61. The only component unit included within the reporting entity is the Peaster Educational Foundation which is included as a fiduciary component unit.

#### 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 **Peaster 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 includes 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 un-matured 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 Funds** - The District did maintain major special revenue governmental funds during the current year which was the SSA Brazos River Coop Fund.

**Debt Service Fund** - The District did maintain major debt service governmental funds during the current year.

The District does not report any major enterprise funds.

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.

**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.

##### **Proprietary Funds:**

**Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis (such as workers' compensation) are accounted for in an internal service fund. The District did maintain internal service funds during the current year.

## **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. The District did maintain private purpose trust funds to provide scholarships for students that have graduated from the District during the current year.

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

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

All remaining balances, if any, 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 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 including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end. There were no material inventories as of June 30.
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.

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
<b>Buildings</b>	<b>50</b>
<b>Buildings and Improvements</b>	<b>40</b>
<b>Infrastructure</b>	<b>40</b>
<b>Vehicles</b>	<b>10</b>
<b>Office Equipment</b>	<b>10</b>
<b>Computer Equipment</b>	<b>10</b>

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 that participate in self-funded workers' compensation programs execute inter-local agreements that define the responsibilities of the parties. The program, if applicable, 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 insure 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 government-wide financial statements arise from inclusion of the GASB 68 Liability for the unfunded portion of the TRS Retirement and GASB 75 Liability. 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 three types of items which occur 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, private grants, and prepaid meals are reported in the governmental funds balance sheet. The District only reported deferred inflows of resources in its government-wide or proprietary fund financial statements for the current year for the inclusion of the GASB 68 Liability for the unfunded portion of the TRS Retirement, GASB 75 liabilities and prepaid meals.

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:

<b>Capital Assets at the Beginning of the Year</b>	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Value at Beginning of Year</b>	<b>Change in Net Position</b>
Land	\$ 1,010,585	\$ -	\$ 1,010,585	
Buildings and Improvements	37,623,847	(16,510,786)	21,113,061	
Furniture and Equipment	4,763,808	(2,932,603)	1,831,205	
Capital Leases	-	-	-	
Construction in Progress	784,560	-	784,560	
<b>Change in Net Position</b>				<b>\$ 24,739,411</b>
<b>Long-term Liabilities and Deferred Outflows and Inflows at the Beginning of the Year</b>			<b>Payable at Beginning of Year</b>	
Bonds Payable			\$ 19,887,306	
Accreted Interest on Bonds			170,141	
Add Unamortized Bond Premium / Discount			1,385,310	
Notes and Capital Leases Payable			318,000	
Accrued Interest - Bonds, Notes, and Capital Leases			36,431	
Deferred Charge for Bond Refunding			(290,132)	
<b>Change in Net Position</b>				<b>21,507,056</b>
<b>Net Adjustment to Net Position</b>				<b>\$ 3,232,355</b>

**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:

	<b>Amount</b>	<b>Adjustments To Changes in Net Position</b>	<b>Adjustments to Net Position</b>
<b>Current Year Capital Outlay</b>			
Land	\$ -		
Buildings & Improvements	24,600		
Furniture & Equipment	6,421		
Construction in Progress	6,580		
<b>Total Capital Outlay</b>	<b>37,601</b>	<b>37,601</b>	<b>37,601</b>
<b>Debt Principal Payments</b>			
Bond Principal	4,739,900		
Note Principal Payments	-		
Capital Lease Payments	-		
<b>Total Principal Payments</b>	<b>4,739,900</b>	<b>4,739,900</b>	<b>4,739,900</b>
<b>Total Adjustment to Net Position</b>		<b>\$ 4,777,501</b>	<b>\$ 4,777,501</b>

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
<b>Adjustments to Revenue, Deferred Inflows, Beg. Net Position:</b>			
Beg. of Year Unearned Tax Revenue/Internal Service	\$ 109,567		\$ 109,567
Property tax adjustments to convert from the modified accrual basis to the full accrual basis of accounting	40,533	40,533	40,533
Other Revenue/Expense Adjustments	-	-	-
<b>Reclassify Proceeds of Bonds, Loans &amp; Capital Leases:</b>			
New Bond Issue	\$ (4,710,000)	(4,710,000)	(4,710,000)
Discount (Premium) or Deferred Charge on Issuance of Bonds	(525,414)	(525,414)	(525,414)
New Loans / Capital Leases Issued	-	-	-
<b>Reclassify Certain Expenditures to Full Accrual From Modified Accrual:</b>			
Deferred Charge on Refunding Amortization	\$ (13,789)	(13,789)	(13,789)
Adjust Interest and Fees on Long-term Debt	(216,155)	(216,155)	(216,155)
Amortization of Bond Premium	366,111	366,111	366,111
Accretion of Interest on Bonds	(91,611)	(91,611)	(91,611)
<b>Totals</b>		<b>\$ (5,150,325)</b>	<b>\$ (5,040,758)</b>

### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the 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 June 20, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.



3. Prior to July 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. **These amendments included additional appropriation for various functions as detailed 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:

	<b>June 30, 2021 Fund Balance</b>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ -
Non-appropriated Budget Funds	872,029
<b>All Special Revenue Funds</b>	<b>\$ 872,029</b>

#### **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:

<b>CASH AND CASH EQUIVALENTS BY ACCOUNT TYPE</b>	<b>6/30/2021</b>
Cash Deposits in Bank	\$ 4,923,280
Certificates of Deposit Maturity to 3 months	-
Cash on Hand	55
Restricted Cash Deposits in Bank	88,009
<b>Total Cash and Cash Equivalents by Account Type</b>	<b>\$ 5,011,343</b>
<b>CASH AND CASH EQUIVALENTS BY FUND</b>	<b>6/30/2021</b>
Cash and Cash Equivalents:	
General Fund	\$ 1,359,883
Major Governmental Funds	2,801,805
Non-Major Governmental Funds	689,898
Enterprise Funds	-
Internal Service Funds	-
Custodial Funds	32,980
Trust Funds	38,769
Other Funds	88,009
<b>Total Cash and Cash Equivalents by Fund</b>	<b>\$ 5,011,343</b>

###### **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:

<b>CUSTODIAL CREDIT RISK</b>	<b>HIGHEST CASH BALANCE</b>	<b>6/30/2021</b>
Name of Depository Bank: Spirit of Texas Bank, Weatherford, TX		
Total amount of FDIC Insurance (FDIC)	\$ 750,000	\$ 750,000
Amount of Bond or Securities Pledged	8,800,000	7,228,280
Total FDIC, Bond or Securities Pledged	\$ 9,550,000	\$ 7,978,280
Cash Deposits and Cash Investments in Bank	\$ 7,561,051	\$ 7,120,116
<b>Excess or (Shortage) FDIC and Bond or Pledged Securities Pledged</b>	<b>\$ 1,988,949</b>	<b>\$ 858,164</b>
<b>The District's cash deposits were entirely covered by FDIC Insurance or by bond or pledged collateral by the Depository Bank</b>	<b>YES</b>	<b>YES</b>

**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.

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. Texpool is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission.

The *Lone Star* and *TexStar* investment pools are external investment pools measured at net asset value. Lone Star and TexStar's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Lone Star and TexStar have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. LoneStar and TexStar are subject to regulatory oversight by the State Treasurer, although the pools are not registered with the Securities and Exchange Commission.

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

Investments	June 30, 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	\$ 2,112	\$ -	\$ -	\$ -	0.11%	30	AAAm*
Investments measured at net asset value (NAV)-							
Investment pools:							
LoneStar	77	-	-	-	0.00%	47	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	1,909,595	-	1,909,595	-	99.89%	407	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-Certificates of Deposit	-	-	-	-	0.00%	-	BBB+ to AA-
<b>Total Investments</b>	<b>\$ 1,911,784</b>	<b>\$ -</b>	<b>\$ 1,909,595</b>	<b>\$ -</b>	<b>100.00%</b>		

## 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:

<b>FUND</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
<b>General Fund</b>		
Major Governmental Funds	\$ -	\$ -
Non-major Governmental Funds	59,439	108,649
Internal Service Funds	-	3,342
All Others	-	-
Total General Fund	<u>\$ 59,439</u>	<u>\$ 111,991</u>
<b>Major Governmental Funds</b>		
General Fund	<u>\$ -</u>	<u>\$ -</u>
Total Major Governmental Funds	<u>\$ -</u>	<u>\$ -</u>
<b>Non-major Governmental Funds</b>		
General Fund	<u>\$ 108,649</u>	<u>\$ 59,439</u>
Total Non-major Governmental Funds	<u>\$ 108,649</u>	<u>\$ 59,439</u>
<b>Internal Service Funds</b>		
General Fund	\$ 3,342	\$ -
Major Governmental Fund	-	-
Non-major Governmental Funds	-	-
Total Internal Service Funds	<u>\$ 3,342</u>	<u>\$ -</u>
<b>Total Interfund Receivables / Payables</b>	<u><b>\$ 171,430</b></u>	<u><b>\$ 171,430</b></u>

The balance of 59,439 from non-major governmental funds to the general fund resulted from working capital amounts that will be transferred to the general fund the following year. The balance of \$108,649 is a short-term loan to the capital projects fund until bond money was received in August 2021. The balance of \$3,342 is a working capital loan to the insurance internal service fund.

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

<b>FUND</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>General Fund</b>		
Major Governmental Funds	\$ -	\$ -
Non-major Governmental Funds	-	119,738
Other Funds	<u>\$ -</u>	<u>\$ -</u>
Total General Fund	<u>\$ -</u>	<u>\$ 119,738</u>
<b>Major Governmental Funds</b>		
General Fund	\$ -	\$ -
Non-major Governmental Funds	-	-
Total Major Governmental Funds	<u>\$ -</u>	<u>\$ -</u>
<b>Non-major Governmental Funds</b>		
General Fund	\$ 119,738	\$ -
Other Major Governmental Funds	-	-
All Others	-	-
Total Non-major Governmental Funds	<u>\$ 119,738</u>	<u>\$ -</u>
<b>Total Interfund Transfers</b>	<u><b>\$ 119,738</b></u>	<u><b>\$ 119,738</b></u>

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 of \$11,089. \$108,649 was transferred to the Capital Projects Fund.

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

#### E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

**Receivables at year end were as follows:**

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
<b>Governmental Activities:</b>					
General Fund	\$ 141,983	\$ 2,570,459	\$ 59,439	\$ -	\$ 2,771,881
Major Governmental Fund D/S	58,151	-	-	-	58,151
Non-major Governmental Funds	-	46,928	108,649	-	155,577
Internal Service Funds	-	-	3,342	-	3,342
<b>Total Governmental Activities</b>	<b>\$ 200,134</b>	<b>\$ 2,617,387</b>	<b>\$ 171,430</b>	<b>\$ -</b>	<b>2,988,951</b>
Amounts not scheduled for collection during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

**Payables at year end were as follows:**

	Accounts Payable	Salaries Payable	Accrued Expenditures/ Expense Payable	Due To Other Funds	Due To Other Govt.	Other	Total Payables
<b>Governmental Activities:</b>							
General Fund	\$ 62,412	\$ 790,846	\$ 58,325	\$111,991	\$ -	\$ 25	\$1,023,599
Major Governmental Fund D/S	-	-	-	-	1,171	-	1,171
Major Governmental Fund	-	5,038	7,007	-	-	-	12,045
Non-major Governmental Funds	95,403	88,437	32,429	59,439	-	-	275,708
Internal Service Funds	-	-	3,342	-	-	-	3,342
<b>Total Governmental Type Activities</b>	<b>\$157,815</b>	<b>\$ 884,321</b>	<b>\$ 101,103</b>	<b>\$171,430</b>	<b>\$ 1,171</b>	<b>\$ 25</b>	<b>\$1,315,865</b>
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
<b>Governmental Activities:</b>				
Non-Depreciable Assets-				
Land	\$ 1,010,585	\$ -	\$ -	\$ 1,010,585
Depreciable Assets-				
Buildings and Improvements	37,623,847	24,600	(22,360)	37,670,807
Furniture and Equipment	4,763,808	6,421	22,360	4,747,869
Construction In Progress	784,560	6,580	-	791,140
<b>Totals at Historic Cost</b>	<b>\$ 44,182,800</b>	<b>\$ 37,601</b>	<b>\$ -</b>	<b>\$ 44,220,401</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	\$ 16,510,786	\$ 1,245,923	\$ (745)	\$ 17,757,454
Furniture and Equipment	2,932,603	303,250	745	3,235,108
Capital Leases	-	-	-	-
<b>Total Accumulated Depreciation</b>	<b>\$ 19,443,389</b>	<b>\$ 1,549,173</b>	<b>\$ -</b>	<b>\$ 20,992,562</b>
<b>Governmental Activities Capital</b>				
<b>Assets-Net</b>	<b>\$ 24,739,411</b>	<b>\$ (1,511,572)</b>	<b>\$ -</b>	<b>\$ 23,227,839</b>

### Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,098,385
Instructional Leadership	-
School Leadership	-
Student (Pupil) Transportation	95,132
Food Services	11,157
Cocurricular/Extracurricular Activities	115,429
General Administration	2,714
Plant Maintenance and Operations	148,125
Security and Monitoring Service	13,244
Data Processing Services	64,987
<b>Total Depreciation Expense</b>	<b>\$ 1,549,173</b>

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

## 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. The District has no short-term debt payable.



## H. BONDS AND LONG-TERM NOTES PAYABLE

The following is a summary of the District's long-term debt for the period ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds and Notes Payable:</b>					
General Obligation Bonds	\$ 19,887,306	\$ 4,710,000	\$ 4,720,000	19,877,306	\$ 1,180,000
Premium on Bond Issuance	1,385,310	525,414	366,111	1,544,614	-
Maintenance Tax Notes	318,000	-	19,900	298,101	18,000
Capital Leases	-	-	-	-	-
<b>Total Bonds and Notes Payable</b>	<b>\$ 21,590,616</b>	<b>\$ 5,235,414</b>	<b>\$ 5,106,011</b>	<b>\$ 21,720,021</b>	<b>\$ 1,198,000</b>
<b>Other Liabilities:</b>					
Accretion Interest	\$ 170,141	\$ 91,611	\$ -	261,752	\$ -
Accrued Interest Payable	36,431	252,586	36,431	252,586	252,586
<b>Total Other Liabilities</b>	<b>\$ 206,572</b>	<b>\$ 344,197</b>	<b>\$ 36,431</b>	<b>\$ 514,338</b>	<b>\$ 252,586</b>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 21,797,188</b>	<b>\$ 5,579,611</b>	<b>\$ 5,142,442</b>	<b>\$ 22,234,359</b>	<b>\$ 1,450,586</b>

### Debt Payable - Governmental Activities:

Description	Interest Rate	Original Issue	Interest Current Year	Beginning Balance 9/1/2020	Additions	Reductions	Ending Balance 6/30/2021
<b>General Obligation Bonds Payable:</b>							
U/L TAX SCHOOL BUILDING BONDS 2014A SERIES	2.00-3.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U/L TAX SCHOOL BUILDING BONDS 2014B SERIES	2.00-4.00%	\$ 5,745,000	14,925	5,715,000	-	4,720,000	995,000
U/L TAX REFUNDING BONDS 2015 SERIES	0.05-4.00%	\$ 3,555,000	58,875	3,115,000	-	-	3,115,000
U/L TAX REFUNDING BONDS 2018 SERIES	2.00-5.00%	\$ 6,900,000	140,775	6,020,000	-	-	6,020,000
U/L TAX SCHOOL BUILDING BONDS 2018A SERIES	2.00-5.00%	\$ 3,699,429	34,625	2,859,429	-	-	2,859,429
U/L TAX SCHOOL BUILDING BONDS 2018B SERIES	3.34-4.00%	\$ 2,177,877	23,400	2,177,877	-	-	2,177,877
U/L TAX REFUNDING BONDS 2020 SERIES	1.57-5.00%	\$ 4,710,000	51,628	-	4,710,000	-	4,710,000
<b>Total General Obligation Bonds</b>			\$ 324,228	\$ 19,887,306	\$ 4,710,000	\$ 4,720,000	\$ 19,877,306
<b>Premium on Bond Issuance</b>				\$ 1,385,310	\$ 525,414	\$ 366,111	\$ 1,544,614
<b>Maintenance Tax Notes Payable:</b>							
2020 SERIES MAINTENANCE TAX NOTES	3.00-4.00%	\$ 318,000	\$ 7,569	\$ 318,000	\$ -	\$ 19,900	\$ 298,101
NO MAINTENANCE TAX NOTES		-	-	-	-	-	-
<b>Total Maintenance Tax Notes</b>			\$ 7,569	\$ 318,000	\$ -	\$ 19,900	\$ 298,101
<b>Capital Leases Payable:</b>							
NO CAPITAL LEASE PAYABLE	0.00-0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NO CAPITAL LEASE PAYABLE		\$ -	-	-	-	-	-
<b>Total Capital Leases</b>			\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Debt Payable - Governmental Activities</b>			\$ 331,797	\$ 21,590,616	\$ 5,235,414	\$ 5,106,010	\$ 21,720,020

The following table summarizes the annual debt service requirements of the District's Governmental Activities long-term debt June 30, 2021:

	General Obligation Bonds		Maintenance Tax Notes		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,180,000	\$ 667,248	\$ 18,000	\$ 8,700	\$ -	\$ -	\$ 1,198,000	\$ 675,948
2022	1,155,000	619,648	19,000	8,145	-	-	1,174,000	627,793
2023	1,225,000	571,648	19,000	7,575	-	-	1,244,000	579,223
2024	1,232,954	615,369	20,000	6,990	-	-	1,252,954	622,359
2025	1,218,502	593,046	19,000	7,277	-	-	1,237,502	600,323
2026-2030	6,155,797	2,308,869	106,000	27,040	-	-	6,261,797	2,335,909
2031-2035	6,386,025	1,087,117	97,101	8,040	-	-	6,483,126	1,095,157
2036-2040	804,028	258,972	-	-	-	-	804,028	258,972
2041-2045	520,000	31,800	-	-	-	-	520,000	31,800
2046-2050	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 19,877,306</b>	<b>\$ 6,753,717</b>	<b>\$ 298,101</b>	<b>\$ 73,767</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,175,406</b>	<b>\$ 6,827,484</b>

The District did issue refunding bonds during the current year.

On October 8, 2020, the District issued general obligation bonds (Series 2020 Unlimited Tax Refunding Bonds) of \$4,710,000 (par value) with an interest rates ranging between 1.57% and 5.00%. The District issued the bonds to refund \$4,720,000 of the 2014 Series Tax School Building Bonds with interest rates ranging between 4.0% and 4.0%. The refunding bonds were issued at par, and after receiving a premium of \$525,414 and accrued interest of \$0, paying issuance costs of \$149,707, the net proceeds were \$5,085,708. The net proceeds were used to retire the 2014 School Building Bonds and accrued interest during the year ended June 30, 2021, except for \$995,000 that will be paid in future years. As a result of the refunding, the District decreased its total debt service requirement by \$672,393, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$599,286 during the 2021 year.

In prior years, the District has 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, trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. After the 2018 retirement of defeased bonds, the District had \$0 in bonds considered defeased and 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 5.50% to 5.50%:

<b>Year Ending June 30</b>		
2022	\$	18,121
2023		2,972
2024		1,486
2025		-
<b>Total Minimum Future Rentals</b>	<b>\$</b>	<b>22,579</b>
<b>Rental Expenditures in Fiscal Year 2021</b>	<b>\$</b>	<b>18,172</b>

#### **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.

#### **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. UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES-  
GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Unearned revenue and Deferred Inflows at year-end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
<b>Unearned Revenue:</b>				
Unearned Grant Revenue	\$ -	\$ -	\$ -	\$ -
Other Unearned Revenue	-	1,333,432	-	1,333,432
<b>Total Unearned Revenue</b>	\$ -	\$ 1,333,432	\$ -	\$ 1,333,432
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue-Property Taxes	\$ 106,487	\$ -	\$ 43,613	\$ 150,100
Other Unavailable Revenue	-	-	-	-
<b>Total Deferred Inflows</b>	\$ 106,487	\$ -	\$ 43,613	\$ 150,100

**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	TOTAL
General	\$ 2,570,459	\$ -	\$ -	\$ 2,570,459
Special Revenue	-	46,928	-	46,928
Debt Service	-	-	-	-
<b>Totals</b>	\$ 2,570,459	\$ 46,928	\$ -	\$ 2,617,387

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

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

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$ 4,062,980	\$ -	\$ 1,831,744	\$ 5,894,724
Penalties, Interest and Other Tax- Related Income	29,896	-	12,571	42,467
Investment Income	13,268	5,512	7,510	26,290
Foundations, Gifts and Bequests	125,975	-	-	125,975
Food Sales	-	243,129	-	243,129
Co-curricular Student Activities	69,102	212,481	-	281,583
Insurance Recovery, SSA, & Other	52,153	1,289,453	-	1,341,606
<b>Totals</b>	<b>\$ 4,353,374</b>	<b>\$ 1,750,575</b>	<b>\$ 1,851,825</b>	<b>\$ 7,955,774</b>

#### 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 not aware of pending exposure to claims related to these areas.

#### P. CONSTRUCTION & OTHER SIGNIFICANT COMMITMENTS & CONTINGENCIES

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

#### Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District was a member of the Arlington ISD Shared Services Arrangements ("SSA"). The SSA provides services for special education to member districts. Peaster Independent School District is the fiscal agent for the SSA. In addition to the District, other member districts participated in the special education cooperative. The fiscal agent provided SSA services. The member districts provided the funds to the fiscal agent. The Shared Services Arrangements – Special Education had been accounted for using Model 3 in the SSA section of the TEA Resource Guide. The District had accounted for the payments to the fiscal agent of the SSA in a Special Revenue 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
Parker County Coop	Special Education	Peaster ISD	State Revenue	437	N.A.	\$ 156,856
Parker County Coop	DHH	Peaster ISD	State Revenue	458	N.A.	\$ 20,000
<b>TOTAL FUNCTION 93 EXPENDITURES</b>						<b>\$ 176,856</b>

The district does participate in shared service arrangements with other school districts for various other educational activities. 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 the funds 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 1 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 share services arrangement.

#### R. SUBSEQUENT EVENTS

In preparing the basic financial statements, District administration has evaluated events and transactions for potential recognition or disclosure through **October 21, 2021**, the date this Annual Financial Report was issued. No material subsequent events had occurred in the period of June 30, 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. 61*. The members of the board of the Foundation are appointed by an outside taxpayer group; however, the support for the District must be material to the financial statements to be included as a private purpose trust fund per the Schedule E Exhibits.

#### T. RELATED PARTY TRANSACTIONS

The District does not incur related party transactions with businesses owned or employers for various members of the board of trustees. Therefore, 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

During the current fiscal year, the District did not make a prior period fund balance and net position adjustment.

	General Fund	Debt Service Fund	Special Revenue Funds	Total
<b>Governmental Fund Balance:</b>				
Increase (Decrease) Beginning of Year Fund Balance				
From Change in Inventory Accounting	\$ -	\$ -	\$ -	\$ -
Increase (Decrease) Beginning of Year Fund Balance				
From Change in Unearned Revenue Reporting	-	-	-	-
<b>Total Fund Balance Adjustment</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Government Wide Net Position:</b>				
<b>Increase (Decrease) Beg of Year Net Position:</b>				
Prior Period Adjustment for Gov. Funds & Capital Assets			\$ -	\$ -
<b>Total Net Position Adjustment</b>			<b>\$ -</b>	<b>\$ -</b>

## **V. RISK FINANCING AND OTHER COVERAGE**

### **Workers' Compensation Program**

During the current year, the District met its statutory workers' compensation obligations through participation in the Public Workers' Compensation Program (PWCP). The Program was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Program'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 Program's self-insured retention. The Program 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 \$4,302,000 for future development on reported claims and claims that have been incurred but not yet reported. For the current year, the Program anticipates no additional liability to members beyond their contractual obligation for payment of contributions.

The Program 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 Program's Board of Trustees in February of the following year. The Program's audited financial statements as of August 31, 2021, are available at the Public Workers' Compensation Program (PWCP) website and have been filed with the Texas Department of Insurance in Austin.

The District also has prior year workers' compensation coverage (1995-2010) with Claims Administrative Services, Inc. (CAS). The current estimated liability for CAS is \$3,342 as of June 30, 2021.

### **Property / Casualty Program**

During the current year ended, the District purchased commercial insurance with Edwards Risk Management, Inc. and TASB Risk Management Fund with coverage for the following:

- 1) Crime,
- 2) General Liability,
- 3) Property and Band Floater,
- 4) Sexual Misconduct Endorsement, and
- 5) SP Legal Liability.

### **Unemployment Compensation Program**

During the current year ended, 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, 2021, are available at the TASB Risk Management Fund website 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](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 86<sup>th</sup> 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 13<sup>th</sup> 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 86<sup>th</sup> 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	\$	303,080
Current fiscal year member contributions	\$	708,320
2020 measurement year NECE on-behalf contributions	\$	596,034
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2019 Medicare, Part D On-Behalf	\$	33,025
Fiscal year 2020 Medicare, Part D On-Behalf	\$	42,759
Fiscal year 2021 Medicare, Part D On-Behalf	\$	46,994

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:

Teacher Retirement System of Texas  
Asset Allocation and Long-Term Expected Real Rate of Return  
As of August 31, 2020

Asset Class	Target Allocation <sup>1</sup>	Long-Term Expected Arithmetic Real Rate of Return <sup>2</sup>	Expected Contribution to Long-Term Portfolio Returns
	%		
<b>Global Equity</b>			
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%
<b>Stable Value</b>			
Government Bonds	16.00%	-0.70%	-0.05%
Stable Value Hedge	5.00%	1.90%	0.11%
<b>Real Return</b>			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Res	6.00%	6.00%	0.42%
<b>Risk Parity</b>			
Risk Parity	8.00%	3.00%	0.30%
<b>Leverage</b>			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Lev	-6.00%	-1.30%	0.08%
<b>Inflation Expectation</b>			2.00%
<b>Volatility Drag<sup>3</sup></b>			-0.67%
<b>Total</b>	<b>100%</b>		<b>7.33%</b>

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 shar	\$ 5,955,738	\$ 3,862,391	\$ 2,161,593

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

At the current year ended June 30, the District reported a liability of \$3,862,391 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	\$ 3,862,391
State's proportionate share that is associated with the District	7,736,841
Total	<u>\$ 11,599,232</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 38.93% which was an increase (decrease) of 14.59% 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 June 30, the District recognized the following:

Year Ended June 30, 2021 pension expense	<u>\$ 1,726,509</u>
Revenue for support provided by the State	<u>\$ 930,570</u>

As of the current year ended June 30, 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 € \$	7,052	\$ 107,789
Changes in actuarial assumptions	896,212	381,063
Differences between projected and actual investment	78,191	-
Changes in proportion and differences between the employer's contributions and the proportionate	750,273	177,174
Total as of August 31, 2020 measurement date \$	1,731,728	\$ 666,026
Contributions paid to TRS subsequent to the measurement date	256,749	
Total as of fiscal year-end	\$ 1,988,477	\$ 666,026

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:

	Pension Expense
Fiscal year ended June 30,	Amount
2022	\$ 341,058
2023	366,916
2024	315,655
2025	101,127
2026	(48,222)
Thereafter	(10,832)

## **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](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	
	<u>2020</u>	<u>2021</u>
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		\$ 91,282
Current fiscal year member contributions		\$ 67,434
2020 measurement year NECE on-behalf contributions		\$ 119,772

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).

<b><u>Actuarial Methods and Assumptions:</u></b>	
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
<b><u>Additional Actuarial Methods and Assumptions:</u></b>	
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
Benefit Changes	

**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	\$ 5,349,521	\$ 4,457,943	\$ 3,753,724

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

At the current year-end June 30, the District reported a liability of \$4,457,943 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	\$ 4,457,943
State's proportionate share that is associated with the District	5,990,406
Total	<u>\$ 10,448,349</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 4.99%, compared to 2.66% 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	\$ 3,641,568	\$ 4,457,943	\$ 5,545,238

#### **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 (\$13,980).

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	\$ 233,416	\$ 2,040,182
Changes in actuarial assumptions	274,962	1,224,174
Differences between projected and actual investment earnings	1,449	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	577,217	-
Contributions paid to TRS subsequent to the measurement date	77,165	
<b>Total as of fiscal year-end</b>	<b>\$ 1,164,209</b>	<b>\$ 3,264,356</b>



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 June 30,	OPEB Expense Amount
2022	\$ (375,748)
2023	(375,942)
2024	(376,053)
2025	(376,022)
2026	(256,949)
Thereafter	(416,598)

For the current year ended June 30, the District recognized OPEB expense of (\$13,980) and revenue of \$18,965 for support provided by the State.

**REQUIRED SUPPLEMENTARY INFORMATION**

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE TEN MONTHS ENDED JUNE 30, 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	\$ 4,236,542	\$ 4,236,542	\$ 4,353,374	\$ 116,832
5800	State Program Revenues	8,300,046	8,300,046	8,532,393	232,347
5900	Federal Program Revenues	184,000	184,000	93,368	(90,632)
5020	Total Revenues	12,720,588	12,720,588	12,979,135	258,547
EXPENDITURES:					
Current:					
0011	Instruction	7,047,320	7,050,820	6,614,083	436,737
0012	Instructional Resources and Media Services	283,224	283,224	224,080	59,144
0013	Curriculum and Instructional Staff Development	23,317	33,310	13,332	19,978
0021	Instructional Leadership	150,473	150,473	79,366	71,107
0023	School Leadership	869,434	869,434	698,658	170,776
0031	Guidance, Counseling, and Evaluation Services	266,755	266,755	236,953	29,802
0033	Health Services	203,102	203,102	162,055	41,047
0034	Student (Pupil) Transportation	394,311	394,311	317,786	76,525
0036	Extracurricular Activities	864,890	849,789	769,196	80,593
0041	General Administration	779,052	777,052	705,185	71,867
0051	Facilities Maintenance and Operations	1,410,398	1,410,398	999,435	410,963
0052	Security and Monitoring Services	17,151	32,151	17,653	14,498
0053	Data Processing Services	290,330	270,330	256,085	14,245
Debt Service:					
0071	Principal on Long-Term Debt	19,086	60,500	19,900	40,600
0072	Interest on Long-Term Debt	7,500	7,500	7,569	(69)
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	156,856	156,856	156,856	-
6030	Total Expenditures	12,783,199	12,816,005	11,278,192	1,537,813
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,611)	(95,417)	1,700,943	1,796,360
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	(119,738)	(119,738)
1200	Net Change in Fund Balances	(62,611)	(95,417)	1,581,205	1,676,622
0100	Fund Balance - September 1 (Beginning)	1,734,478	1,734,478	1,734,478	-
3000	Fund Balance - June 30 (Ending)	\$ 1,671,867	\$ 1,639,061	\$ 3,315,683	\$ 1,676,622

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.00721161%	0.007695106%	0.006641639%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,862,391	\$ 4,000,157	\$ 3,655,719
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	7,736,841	6,861,027	7,550,195
Total	<u>\$ 11,599,232</u>	<u>\$ 10,861,184</u>	<u>\$ 11,205,914</u>
District's Covered Payroll	\$ 10,035,988	\$ 9,124,317	\$ 8,531,822
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	38.49%	43.84%	42.85%
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, 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.

FY 2018		FY 2017		FY 2016		FY 2015	
Plan Year 2017		Plan Year 2016		Plan Year 2015		Plan Year 2014	
0.006362207%		0.00429352%		0.0042022%		0.0015934%	
\$	2,034,291	\$	1,622,457	\$	1,485,422	\$	425,619
4,318,042		4,570,145		4,287,110		3,655,568	
\$	6,352,333	\$	6,192,602	\$	5,772,532	\$	4,081,187
\$	7,971,169	\$	7,970,209	\$	7,486,629	\$	7,142,445
25.52%		20.36%		19.84%		5.96%	
82.17%		78.00%		78.43%		83.25%	

PEASTER 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	\$ 303,080	\$ 296,180	\$ 267,414
Contribution in Relation to the Contractually Required Contribution	(303,080)	(296,180)	(267,414)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,378,404	\$ 10,032,056	\$ 9,191,639
Contributions as a Percentage of Covered Payroll	2.92%	2.95%	2.91%

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	
\$	224,038	\$	212,190	\$	188,331	\$	167,053
	(224,038)		(212,190)		(188,331)		(167,053)
\$	-	\$	-	\$	-	\$	-
\$	8,531,822	\$	7,970,209	\$	7,932,279	\$	7,486,629
	2.63%		2.66%		2.37%		2.23%

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE TEN MONTHS ENDED JUNE 30, 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	0.011726948%	0.011474755%	0.010917044%	\$ 0.010513538%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,457,943	\$ 5,426,550	\$ 5,450,980	\$ 4,571,943
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	5,990,406	7,210,674	7,260,525	\$ 6,174,825
Total	<u>\$ 10,448,349</u>	<u>\$ 12,637,224</u>	<u>\$ 12,711,505</u>	<u>\$ 10,746,768</u>
District's Covered Payroll	\$ 10,035,988	\$ 9,124,317	\$ 8,531,822	\$ 7,971,169
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	44.42%	59.47%	63.89%	\$ 57.36%
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.



PEASTER 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	\$ 91,282	\$ 86,312	\$ 81,197	\$ 75,012
Contribution in Relation to the Contractually Required Contribution	(91,282)	(86,312)	(81,197)	(75,012)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,378,404	\$ 10,032,056	\$ 9,191,639	\$ 8,531,822
Contributions as a Percentage of Covered Payroll	0.88%	0.86%	0.88%	0.88%

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

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

**PEASTER INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE TEN MONTHS ENDED JUNE 30, 2021**

**A. Notes to Schedules for the TRS Pension**

**Changes of benefit terms**

In May 2019, the 86<sup>th</sup> 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 13<sup>th</sup> check.

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

**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.

**PEASTER INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE TEN MONTHS ENDED JUNE 30, 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 June 19 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 for the general fund budget is located in Exhibit G-1 "Budgetary Comparison Schedule – General Fund. The required Texas Education Agency (TEA) schedule for the food service fund is located in Exhibit J-2 "Budgetary Comparison Schedule – Child Nutrition Fund and 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 June 30, 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 any function in the general fund as detailed in Exhibit G-1 "Budgetary Comparison Schedule -General Fund". The current year expenditures also 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 also did not exceed appropriations in any functions in the debt service fund as detailed in Exhibit J-3 "Budgetary Comparison Schedule -Debt Service Fund".

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ 32,979	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1240 Due from Other Governments	33,988	-	-	6,394
1260 Due from Other Funds	-	-	-	-
1000 Total Assets	<u>\$ 33,988</u>	<u>\$ 32,979</u>	<u>\$ -</u>	<u>\$ 6,394</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 1,104	\$ 2,500	\$ -	\$ -
2160 Accrued Wages Payable	15,677	26,553	-	-
2170 Due to Other Funds	14,650	-	-	6,394
2200 Accrued Expenditures	2,557	3,926	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>33,988</u>	<u>32,979</u>	<u>-</u>	<u>6,394</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 33,988</u>	<u>\$ 32,979</u>	<u>\$ -</u>	<u>\$ 6,394</u>

266 ESSER -School Emergency Relief	276 Title I - SIP Academy Grant	289 ESEA Title IV, Part A	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ 162,409	\$ -	\$ 36,604	\$ 721	\$ 3,130
-	-	-	-	-	-	-	-
-	-	2,333	-	3,249	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,333</u>	<u>\$ 162,409</u>	<u>\$ 3,249</u>	<u>\$ 36,604</u>	<u>\$ 721</u>	<u>\$ 3,130</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	20,814	-	2,013	-	-
-	-	2,333	-	3,249	-	-	-
-	-	-	13,146	-	708	-	-
-	-	-	128,449	-	33,883	721	3,130
-	-	2,333	162,409	3,249	36,604	721	3,130
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,333</u>	<u>\$ 162,409</u>	<u>\$ 3,249</u>	<u>\$ 36,604</u>	<u>\$ 721</u>	<u>\$ 3,130</u>

PEASTER INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Data Control Codes		410 State Instructional Materials	429 State Math Achievement Stipends	434 SSA - SSVI Visually Impaired	435 SSA Regional Day School - Deaf
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 49,867	\$ 15,177	\$ -	\$ 1
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	-	964	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 49,867</u>	<u>\$ 15,177</u>	<u>\$ 964</u>	<u>\$ 1</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	964	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	49,867	15,177	-	1
2000	Total Liabilities	<u>49,867</u>	<u>15,177</u>	<u>964</u>	<u>1</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 49,867</u>	<u>\$ 15,177</u>	<u>\$ 964</u>	<u>\$ 1</u>

437 SSA Special Education	459 State SSA Special Ed Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	698 Capital Projects Fund	699 Capital Projects Bond Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 237,547	\$ 11,028	\$ 140,374	\$ 689,837	\$ 61	\$ -	\$ 61	\$ 689,898
543,438	-	-	543,438	1	-	1	543,439
-	-	-	46,928	-	-	-	46,928
-	-	-	-	108,649	-	108,649	108,649
<u>\$ 780,985</u>	<u>\$ 11,028</u>	<u>\$ 140,374</u>	<u>\$ 1,280,203</u>	<u>\$ 108,711</u>	<u>\$ -</u>	<u>\$ 108,711</u>	<u>\$ 1,388,914</u>
\$ 1,611	\$ -	\$ 13,388	\$ 18,603	\$ 76,800	\$ -	\$ 76,800	\$ 95,403
22,262	1,118	-	88,437	-	-	-	88,437
-	-	-	27,590	31,849	-	31,849	59,439
12,069	23	-	32,429	-	-	-	32,429
-	9,887	-	241,115	-	-	-	241,115
<u>35,942</u>	<u>11,028</u>	<u>13,388</u>	<u>408,174</u>	<u>108,649</u>	<u>-</u>	<u>108,649</u>	<u>516,823</u>
-	-	-	-	62	-	62	62
745,043	-	126,986	872,029	-	-	-	872,029
<u>745,043</u>	<u>-</u>	<u>126,986</u>	<u>872,029</u>	<u>62</u>	<u>-</u>	<u>62</u>	<u>872,091</u>
<u>\$ 780,985</u>	<u>\$ 11,028</u>	<u>\$ 140,374</u>	<u>\$ 1,280,203</u>	<u>\$ 108,711</u>	<u>\$ -</u>	<u>\$ 108,711</u>	<u>\$ 1,388,914</u>



PEASTER INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 243,130	\$ -	\$ -
5800 State Program Revenues	-	15,777	-	-
5900 Federal Program Revenues	98,545	282,901	5,345	24,870
5020 Total Revenues	98,545	541,808	5,345	24,870
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	98,545	-	5,345	24,870
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0035 Food Services	-	552,897	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	98,545	552,897	5,345	24,870
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(11,089)	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	11,089	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

266 ESSER -School Emergency Relief	276 Title I - SIP Academy Grant	289 ESEA Title IV, Part A	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary	340 SSA - IDEA C Deaf - Early Intervention	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,659	10,500	10,000	649,874	12,294	44,658	-	-
2,659	10,500	10,000	649,874	12,294	44,658	-	-
2,659	10,500	10,000	123,475	12,294	44,658	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	526,399	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,659	10,500	10,000	649,874	12,294	44,658	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PEASTER INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

Data Control Codes	410 State Instructional Materials	429 State Math Achievement Stipends	434 SSA - SSVI Visually Impaired	435 SSA Regional Day School - Deaf
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	50,971	219	-	596,997
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	50,971	219	-	596,997
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	50,971	-	-	596,997
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	219	-	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	50,971	219	-	596,997
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

437 SSA Special Education	459 State SSA Special Ed Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	698 Capital Projects Fund	699 Capital Projects Bond Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 832,368	\$ 19,944	\$ 212,481	\$ 1,307,923	\$ -	\$ -	\$ -	\$ 1,307,923
46,474	1,524	-	711,962	-	-	-	711,962
-	-	-	1,141,646	-	-	-	1,141,646
878,842	21,468	212,481	3,161,531	-	-	-	3,161,531
446,468	-	351,931	1,778,713	-	-	-	1,778,713
5,243	-	-	5,243	-	-	-	5,243
218,915	-	-	218,915	-	-	-	218,915
112,293	21,468	-	660,379	-	-	-	660,379
-	-	-	552,897	-	-	-	552,897
5,184	-	-	5,184	-	-	-	5,184
45,492	-	-	45,492	-	-	-	45,492
659	-	-	659	-	-	-	659
-	-	-	-	108,649	-	108,649	108,649
834,254	21,468	351,931	3,267,482	108,649	-	108,649	3,376,131
44,588	-	(139,450)	(105,951)	(108,649)	-	(108,649)	(214,600)
-	-	-	11,089	108,649	-	108,649	119,738
44,588	-	(139,450)	(94,862)	-	-	-	(94,862)
700,455	-	266,436	966,891	62	-	62	966,953
\$ 745,043	\$ -	\$ 126,986	\$ 872,029	\$ 62	\$ -	\$ 62	\$ 872,091

PEASTER INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2021

	816 Private Purpose Trust Fund	817 Pilgrim Scholarship Fund	818 Carl Barker Scholarship Fund	819 Waller Scholarship Fund
ASSETS				
Cash and Cash Equivalents	\$ 5,938	\$ 1,502	\$ 12,017	\$ 105
Investments - Current	-	5,655	250,328	328,354
Total Assets	<u>5,938</u>	<u>7,157</u>	<u>262,345</u>	<u>328,459</u>
NET POSITION				
Restricted for Scholarships	<u>5,938</u>	<u>7,157</u>	<u>262,345</u>	<u>328,459</u>
Total Net Position	<u>\$ 5,938</u>	<u>\$ 7,157</u>	<u>\$ 262,345</u>	<u>\$ 328,459</u>

820 ATPE Scholarship Fund	Total Private Purpose Trust Funds
\$ 19,207	\$ 38,769
-	584,337
19,207	623,106
19,207	623,106
\$ 19,207	\$ 623,106

PEASTER INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE TEN MONTHS ENDED JUNE 30, 2021

	816 Private Purpose Trust Fund	817 Pilgrim Scholarship Fund	818 Carl Barker Scholarship Fund	819 Waller Scholarship Fund
ADDITIONS:				
Earnings from Temporary Deposits	\$ 5	\$ 91	\$ 4,116	\$ 6,666
Contributions, Gifts and Donations	-	-	-	-
Total Additions	5	91	4,116	6,666
DEDUCTIONS:				
Other Deductions	-	-	7,999	-
Total Deductions	-	-	7,999	-
Change in Net Position	5	91	(3,883)	6,666
Net Position - September 1 (Beginning)	5,933	7,066	266,228	321,793
Net Position - June 30 (Ending)	\$ 5,938	\$ 7,157	\$ 262,345	\$ 328,459

820 ATPE Scholarship Fund	Total Private Purpose Trust Funds
\$ 16	\$ 10,894
28,500	28,500
28,516	39,394
23,700	31,699
23,700	31,699
4,816	7,695
14,391	615,411
\$ 19,207	\$ 623,106



## **REQUIRED TEA SCHEDULES**

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.312800	266,427,370
2014	1.040000	0.312800	266,711,260
2015	1.040000	0.360000	274,523,666
2016	1.040000	0.360000	289,277,240
2017	1.040000	0.360000	295,353,771
2018	1.040000	0.400000	316,919,931
2019	1.040000	0.400000	356,874,646
2020	0.970000	0.400000	411,162,090
2021 (School year under audit)	0.908900	0.410000	450,964,922
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 6/30/2021
\$ 19,845	\$ -	\$ 481	\$ 145	\$ -	\$ 19,219
4,698	-	187	56	-	4,455
4,003	-	182	54	-	3,767
2,144	-	6	2	(1)	2,135
3,963	-	(5,718)	(1,979)	(7,697)	3,963
2,883	-	(8,766)	(3,034)	(11,800)	2,883
5,307	-	905	348	(335)	3,719
10,585	-	17,006	6,541	29,311	16,349
92,670	-	32,161	13,262	(8,495)	38,752
-	5,947,777	4,026,536	1,816,349	-	104,892
<u>\$ 146,098</u>	<u>\$ 5,947,777</u>	<u>\$ 4,062,980</u>	<u>\$ 1,831,744</u>	<u>\$ 983</u>	<u>\$ 200,134</u>

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.312800	266,427,370
2014	1.040000	0.312800	266,711,260
2015	1.040000	0.360000	274,523,666
2016	1.040000	0.360000	289,277,240
2017	1.040000	0.360000	295,353,771
2018	1.040000	0.400000	316,919,931
2019	1.040000	0.400000	356,874,646
2020	0.970000	0.400000	411,162,090
2021 (School year under audit)	0.908900	0.410000	450,964,922
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
\$ 19,845	\$ -	\$ 481	\$ 145	\$ (37)	\$ 19,182
4,698	-	187	56	-	4,455
4,003	-	182	54	-	3,767
2,144	-	6	2	(1)	2,135
3,963	-	(5,718)	(1,979)	(7,697)	3,963
2,883	-	(8,766)	(3,034)	(11,800)	2,883
5,307	-	979	378	(321)	3,629
10,585	-	21,375	8,295	30,129	11,044
92,670	-	40,336	16,543	(6,965)	28,826
-	5,947,777	4,052,300	1,827,971	(4,647)	62,859
<u>\$ 146,098</u>	<u>\$ 5,947,777</u>	<u>\$ 4,101,362</u>	<u>\$ 1,848,431</u>	<u>\$ (1,339)</u>	<u>\$ 142,743</u>

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE TEN MONTHS ENDED JUNE 30, 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	\$ 255,000	\$ 255,000	\$ 243,130	\$ (11,870)
5800 State Program Revenues	2,500	2,500	15,777	13,277
5900 Federal Program Revenues	226,503	226,503	282,901	56,398
5020 Total Revenues	484,003	484,003	541,808	57,805
EXPENDITURES:				
Current:				
0035 Food Services	572,008	572,008	552,897	19,111
6030 Total Expenditures	572,008	572,008	552,897	19,111
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,005)	(88,005)	(11,089)	76,916
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	11,089	11,089
1200 Net Change in Fund Balances	(88,005)	(88,005)	-	88,005
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ (88,005)	\$ (88,005)	\$ -	\$ 88,005

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE TEN MONTHS ENDED JUNE 30, 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	\$ 1,919,820	\$ 1,919,820	\$ 1,851,825	\$ (67,995)
5800 State Program Revenues	84,796	84,796	82,912	(1,884)
5020 Total Revenues	2,004,616	2,004,616	1,934,737	(69,879)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	1,120,000	6,620,000	4,720,000	1,900,000
0072 Interest on Long-Term Debt	734,000	734,000	689,936	44,064
0073 Bond Issuance Cost and Fees	2,500	2,500	151,747	(149,247)
6030 Total Expenditures	1,856,500	7,356,500	5,561,683	1,794,817
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	148,116	(5,351,884)	(3,626,946)	1,724,938
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	4,710,000	4,710,000
7916 Premium or Discount on Issuance of Bonds	-	5,500,000	525,414	(4,974,586)
7080 Total Other Financing Sources (Uses)	-	5,500,000	5,235,414	(264,586)
1200 Net Change in Fund Balances	148,116	148,116	1,608,468	1,460,352
0100 Fund Balance - September 1 (Beginning)	522,311	522,311	522,311	-
3000 Fund Balance - June 30 (Ending)	\$ 670,427	\$ 670,427	\$ 2,130,779	\$ 1,460,352

## STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

PEASTER 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.	\$595,246
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$512,245

**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.	\$25,426
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$16,871



**REPORTS ON COMPLIANCE, INTERNAL CONTROLS AND  
FEDERAL AWARDS**

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# James E. Rodgers and Company, P.C.

## Certified Public Accountants

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Richard E. Rodgers CPA • Gerald L. Rodgers CPA

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October 21, 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  
Peaster Independent School District  
Weatherford, Texas 76088

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 Peaster Independent School District, as of and for the ten months ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Peaster Independent School District's basic financial statements, and have issued our report thereon dated October 21, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Peaster Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Peaster Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Peaster 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 may have not been identified.

# James E. Rodgers and Company, P.C.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peaster 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

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# James E. Rodgers and Company, P.C.

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October 21, 2021

### Single Audit Report on Compliance for each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance

#### Independent Auditor's Report

To the Board of Trustees  
Peaster Independent School District  
Weatherford, Texas 76088

#### Report on Compliance for Each Major Federal Program

We have audited Peaster Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Peaster Independent School District's major federal programs for the ten months ended June 30, 2021. Peaster Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### Auditor's Responsibility

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

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

#### Opinion on Each Major Federal Program

In our opinion, Peaster Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the ten months ended June 30, 2021.

# James E. Rodgers and Company, P.C.

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## Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and therefore, are not described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

Peaster Independent School District's response is not required since noncompliance findings were not identified in our audit and are not described in the accompanying schedule of findings and questioned costs. Peaster Independent School District's response if required would not have been subjected to the auditing procedures applied in the audit of compliance and, accordingly, we would not have expressed an opinion on the response.

## Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

# James E. Rodgers and Company, P.C.

Certified Public Accountants

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## PEASTER INDEPENDENT SCHOOL DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE TEN MONTHS ENDED JUNE 30, 2021

### I. Summary of the Auditor's Results:

1.	The type of auditor's report opinion on whether the financial statements of the District were prepared in accordance with GAAP (generally accepted accounting standards):	Unmodified	
2.	Internal control over financial reporting during the audit of the financial statements:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
3.	Noncompliance, which is material to the financial statements.		No
4.	Internal Control over major federal programs:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
5.	Type of auditor's report opinion on compliance with major programs.	Unmodified	
6.	Audit findings that are required to report under Uniform Guidance 2 CFR Section 200.516(a).		No
7.	Identification of programs tested as major programs: • <b>Special Education Cluster</b> IDEA Part B, Formula – CFDA 84.027 IDEA Part B, Preschool – CFDA 84.173		
8.	Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000	
9.	District qualified as a low-risk auditee.	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:	None Identified
b.	Criteria:	N/A
c.	Cause:	N/A
d.	Effect:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A

**PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**III. Findings and Questioned Costs Related to the Federal Awards**

**Finding 2021-002:**

a.	Condition:	<b>None Identified</b>
b.	Criteria:	N/A
c.	Cause:	N/A
d.	Effect:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A

# Peaster Independent School District

PO Box 129  
Peaster, TX 76485

[www.peaster.net](http://www.peaster.net)

817-341-5000  
Fax: 817-341-5003

## **SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2021**

**Finding 2020-001: There were no prior year audit findings.**



# Peaster Independent School District

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Peaster, TX 76485

[www.peaster.net](http://www.peaster.net)

817-341-5000  
Fax: 817-341-5003

## **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2021**

The name of the contact person responsible for corrective action:

**Debi Meng, Business Manager**

**District Phone Number: 817-341-5000**

### **The corrective action for Finding 2021-001:**

N/A. The District had no findings for the current year.

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101184908	\$ 98,545
*SSA - IDEA - Part B, Formula	84.027	216600011849086000	649,874
*SSA - IDEA - Part B, Discretionary	84.027	216600111849086000	44,658
Total Assistance Listing Number 84.027			694,532
Total Special Education Cluster (IDEA)			706,826
Career and Technical - Basic Grant	84.048	114200006161920	5,345
*SSA - IDEA - Part B, Preschool	84.173	216610011849086000	12,294
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501184908	24,870
Title I SIP Academy Grant	84.377A	17610740184908	10,500
Elementary & Secondary School Emergency Relief Fd	84.425D	20521001184908	2,659
ESEA, Title IV, Part A	84.424A	21680101184908	10,000
Total Passed Through State Department of Education			858,745
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			858,745
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-12-0041-00043	4,847
Total Passed Through Texas Dept of Human Services			4,847
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			4,847
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402101	84,269
*National School Lunch Program - Cash Assistance	10.555	71302101	174,489
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302101	24,143
Total Assistance Listing Number 10.555			198,632
Total Child Nutrition Cluster			282,901
Total Passed Through the State Department of Agriculture			282,901
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			282,901
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,146,493</b>

\*Clustered Programs

Non-Grant federal program revenue the the current year included SHARS' receipts of \$79,773 and E-Rate receipts of \$8,748. The District did not make payments to sub-recipients during the current fiscal year.

**PEASTER INDEPENDENT SCHOOL DISTRICT**  
**NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS**  
**TEN MONTHS ENDED JUNE 30, 2021**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.
4. Federal grant funds are recorded as earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
5. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.

**6. Indirect Costs**

The District did not elect to use a de minimis cost rate of 10% as described at 2CFR §200.414(f) – Indirect (F&A) Costs.

**7. Reconciliation of Federal Awards**

The following is a reconciliation of expenditures of federal awards in the SEFA and federal program Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental funds.

Federal program revenues per Exhibit C-3	<u>\$ 1,235,014</u>
School Health & Related Services (SHARS) & (ERATE) Reimbursement not reported to the SEFA	<u>\$ 88,521</u>
Total federal expenditures on Exhibit K-1	<u>\$ 1,146,493</u>

## SCHOOLS FIRST QUESTIONNAIRE

PEASTER 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?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$261,752