

**PEASTER**  
**INDEPENDENT SCHOOL DISTRICT**  
**WEATHERFORD, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**



**PEASTER INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2022**

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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, 2022**, at a meeting of the Board of Trustees of such school district on the **20th** day of **October 2022**.

  
\_\_\_\_\_  
Signature of Board President

  
\_\_\_\_\_  
Signature of Board Secretary

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

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

## Certified Public Accountants

20 Southwest Third Street • PO Box 669 • 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

October 20, 2022

**Qualified Opinion (Scope Limitation) on Opinion Unit because of One Unaudited Component Unit 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 Audit of the Financial Statements**

#### ***Qualified and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Peaster Independent School District, as of and for the year ended June 30, 2022, 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.

#### ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Not Applicable - None
Aggregate Discretely Presented Component Units	Qualified
Governmental Major Fund – General Fund	Unmodified
Governmental Major Fund – SSA - PCCPS	Unmodified
Governmental Major Fund – Debt Service Funds	Unmodified
Governmental Major Fund – Capital Projects Fund	Unmodified
Enterprise Fund	Not Applicable - None
Aggregate Remaining Fund Information	Unmodified

#### **Qualified Opinion on the Aggregate Discretely Presented Component Units**

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the Peaster Independent School District, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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## **Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Peaster Independent School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Peaster Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

### **Matter Giving Rise to Qualified Opinion on the Aggregate Discretely Presented Component Units**

The financial statements of the Peaster Education Foundation Component Unit (PEFCU) have not been audited, and we were not engaged to audit the PEFCU financial statements as part of our audit of the Peaster Independent School District's basic financial statements. PEFCU's financial activities are included in the Peaster Independent School District's basic financial statements as a part of the aggregate discretely presented component unit and represent 100 percent, 100 percent, and 100 percent of the assets, net position, and revenues, respectively, of the Peaster Independent School District's aggregate discretely presented component units.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Peaster Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Peaster Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Peaster Independent School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and GASB 68 and 75 schedules for pension and OPEB liabilities and contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022, 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 the 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, 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 year ended June 30, 2022. 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	\$	770,175
Total District Revenues for the Current Fiscal Year	\$	23,783,844
Total District Expenses for the Current Fiscal Year	\$	21,636,239
Fund Balance in the General Fund at the End of Year	\$	4,611,788

#### 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	\$ 2,129,727	-156.65%
<u>Revenue Changes:</u>		
Change in the District's Total Revenues	\$ 5,069,535	27.09%
Change in the District's Property Tax Revenues	\$ 1,937,871	32.42%
Change in the District's State Aid Formula Grants	\$ 1,466,092	18.59%
Change in Operating Grants and Contributions	\$ 1,052,855	37.19%
<u>Expense Changes:</u>		
Change in the District's Total Expenses	\$ 3,614,880	20.06%
<u>Other Information:</u>		
Change in the District's General Fund Balance	\$ 1,296,105	39.09%
Excess (Deficit) of Actual Revenue over Budgeted Revenue	\$ 1,387,975	9.89%

## **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 “Elementary and Secondary Education Act (ESEA) Title I, Part A, Improving Basic Programs” 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***

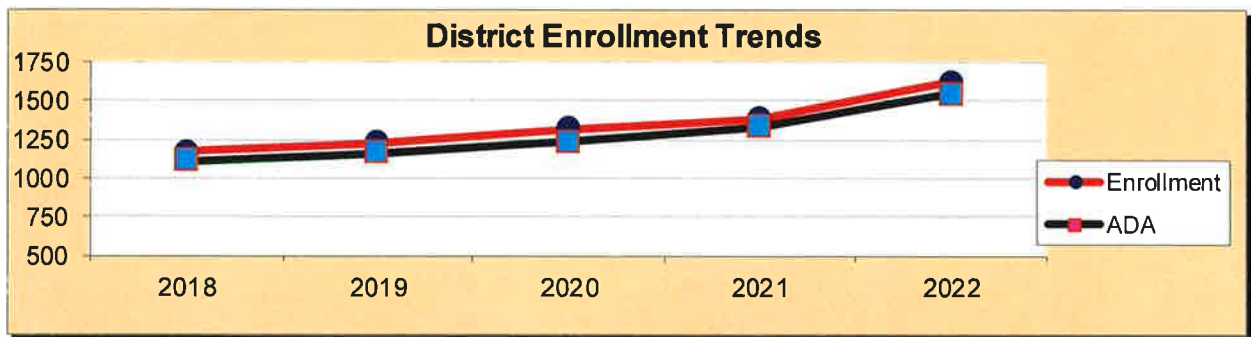
The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net position (Exhibit E-1). We exclude these resources from the District's other financial statements 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.

### **ENROLLMENT TRENDS**

Year	Enrollment	ADA
2018	1170	1114.3
2019	1228	1166.0
2020	1322	1237.7
2021	1382	1329.2
2022	1625	1544.7



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	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 8,946,520	\$ 31,679,151	\$ -	\$ -	\$ 8,946,520	\$ 31,679,151
Capital assets	23,227,839	28,205,350	-	-	23,227,839	28,205,350
Deferred Outflows	3,429,029	3,064,141	-	-	3,429,029	3,064,141
<b>Total assets &amp; deferred outflows</b>	<b>\$ 35,603,388</b>	<b>\$ 62,948,642</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,603,388</b>	<b>\$ 62,948,642</b>
Long-term liabilities	\$ 22,234,359	\$ 47,989,037	\$ -	\$ -	\$ 22,234,359	\$ 47,989,037
Other liabilities	2,477,865	2,524,945	-	-	2,477,865	2,524,945
Net pension liability	3,862,391	1,838,925	-	-	3,862,391	1,838,925
Net OPEB liability	4,457,943	4,557,278	-	-	4,457,943	4,557,278
Deferred Inflows	3,930,382	5,268,282	-	-	3,930,382	5,268,282
<b>Total liabilities &amp; deferred inflows</b>	<b>\$ 36,962,940</b>	<b>\$ 62,178,467</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,962,940</b>	<b>\$ 62,178,467</b>
Net Position:						
Net Investment in capital assets	\$ 1,802,510	\$ 620,074	\$ -	\$ -	\$ 1,802,510	\$ 620,074
Restricted	2,793,897	3,573,943	-	-	2,793,897	3,573,943
Unrestricted	(5,955,959)	(3,423,842)	-	-	(5,955,959)	(3,423,842)
<b>Total Net Position</b>	<b>\$ (1,359,552)</b>	<b>\$ 770,175</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,359,552)</b>	<b>\$ 770,175</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 Position</b>						
	Governmental Activities		Business-Type Activities		Totals	
	2021	2022	2021	2022	2021	2022
Program Revenues:						
Charges for Services	\$ 1,789,482	\$ 2,218,377	\$ -	\$ -	\$ 1,789,482	\$ 2,218,377
Operating grants & contributions	2,830,999	3,883,854	-	-	2,830,999	3,883,854
General Revenues:						
Maintenance & operations taxes	4,119,499	5,041,049	-	-	4,119,499	5,041,049
Debt service taxes	1,858,220	2,874,541	-	-	1,858,220	2,874,541
State aid - formula grants	7,887,003	9,353,095	-	-	7,887,003	9,353,095
Grants and contributions not restricted to specific functions	-	-	-	-	-	-
Investment earnings	26,289	97,980	-	-	26,289	97,980
Miscellaneous	202,817	314,948	-	-	202,817	314,948
<b>Total Revenues</b>	<b>\$ 18,714,309</b>	<b>\$ 23,783,844</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,714,309</b>	<b>\$ 23,783,844</b>
Expenses						
Instruction, curriculum & media services	\$ 10,398,866	\$ 11,632,823	\$ -	\$ -	\$ 10,398,866	\$ 11,632,823
Instructional & school leadership	1,166,758	1,237,552	-	-	1,166,758	1,237,552
Student support services	1,568,527	2,046,863	-	-	1,568,527	2,046,863
Food Services	585,494	755,465	-	-	585,494	755,465
Extracurricular activities	915,395	1,238,260	-	-	915,395	1,238,260
General administration & data processing	1,081,760	1,113,437	-	-	1,081,760	1,113,437
Plant maintenance & security	1,323,007	2,077,040	-	-	1,323,007	2,077,040
Community Services	-	-	-	-	-	-
Interest & fees on long term debt	804,696	1,251,339	-	-	804,696	1,251,339
Other business-type activities & intergovernmental	176,856	283,460	-	-	176,856	283,460
<b>Total Expenses</b>	<b>\$ 18,021,359</b>	<b>\$ 21,636,239</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,021,359</b>	<b>\$ 21,636,239</b>
<b>Increase in net position before transfers and special items</b>	<b>\$ 692,950</b>	<b>\$ 2,147,605</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 692,950</b>	<b>\$ 2,147,605</b>
Transfers	-	-	-	-	-	-
Extraordinary & special items	-	-	-	-	-	-
Prior period adjustment	-	(17,878)	-	-	-	(17,878)
Net position at 9/1	(2,052,502)	(1,359,552)	-	-	(2,052,502)	(1,359,552)
<b>Total Net Position</b>	<b>\$ (1,359,552)</b>	<b>\$ 770,175</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,359,552)</b>	<b>\$ 770,175</b>

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

Excess of Revenues Over Expenditures for Governmental Funds	\$ 22,580,212
Net Gain (Loss) of Internal Service Funds	-
Current Year Purchases of Capital Assets	6,574,530
Current Year Debt Principal Payments	1,353,227
Depreciation	(1,625,573)
Other Modified to Full Accrual Revenue Adjustments	(26,987,801)
Net Adjustment to Pension Expense per GASB 68	61,230
Net Adjustment for OPEB plan required by GASB 75	173,902
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,129,727</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	\$ 15,424,153	\$ 6,246,853	\$ 2,952,766	\$ 59,751	\$ 24,683,523
Expenditures	(14,592,615)	(5,881,795)	(2,188,703)	(6,493,383)	(29,156,496)
Other Financing Sources	464,567	13,841	-	26,683,426	27,161,834
Other Financing Uses	-	-	-	(108,649)	(108,649)
Net Change in Fund Balance	\$ 1,296,105	\$ 378,899	\$ 764,063	\$ 20,141,145	\$ 22,580,212
Beginning Fund Balance	3,315,683	872,029	2,130,779	62	6,318,553
Prior Period Adjustment	-	-	-	-	-
<b>Ending Fund Balance</b>					
<b>All Governmental Funds</b>	\$ 4,611,788	\$ 1,250,928	\$ 2,894,842	\$ 20,141,207	\$ 28,898,765

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 year end, 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	\$ 520,540
Field House Concrete Slab	27,160
Construction in Progress	5,694,370
Floral Cooler	5,495
Right-to-Use Lease Assets	326,965
<b>TOTAL</b>	<b>\$ 6,574,530</b>
Total Additions	\$ 6,574,530
Total Deletions	-
<b>Net Change</b>	<b>\$ 6,574,530</b>

The District's next fiscal year general fund capital budget indicates the completion of the current facility construction.



## 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 6/30/2022	Next Year's Total Principal and Interest Requirement
2014B School Building Bonds	2.00%-3.00%	\$ 5,745,000	\$ 26,700	\$ 785,000	\$ 255,025
2015 Tax Refunding Bonds	2.00%-4.00%	\$ 3,555,000	115,200	2,945,000	285,025
2018 Tax Refunding Bonds	0.50%-4.00%	\$ 6,900,000	275,950	5,740,000	559,450
2018A Tax Refunding Bonds	2.00%-5.00%	\$ 3,699,429	57,750	2,399,429	485,000
2018B Tax Refunding Bonds	3.34%-4.00%	\$ 2,177,877	46,800	2,177,877	46,800
2020 Tax Refunding Bonds	4.00%-4.00%	\$ 4,710,000	144,848	4,650,000	143,348
2021 Tax School Building Bonds	3.00%-5.00%	\$ 24,300,000	338,815	24,300,000	986,525
2020 Series Maintenance Tax Notes	3.00%-4.00%	\$ 318,000	8,672	280,101	27,145
Right-to-Use Lease Asset Liabilities	4.00%-12.40%	\$ 403,324	13,593	246,097	178,503
<b>Totals</b>			\$ 1,028,328	\$ 43,523,504	\$ 2,966,821

## 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 2022 - 2023 Adopted Budget				
	General Fund	Child Nutrition Fund	Debt Service Fund	TOTALS
Revenues	\$ 16,035,061	\$ 657,229	\$ 3,000,000	\$ 19,692,290
Expenditures	(16,035,061)	(657,229)	(3,000,000)	(19,692,290)
Other Financing Sources	-	-	-	-
Other Financing Uses	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -
Beginning of Year Fund Balance	4,611,788	257,644	2,894,842	7,764,274
Projected End of Year Fund Balance	\$ 4,611,788	\$ 257,644	\$ 2,894,842	\$ 7,764,274

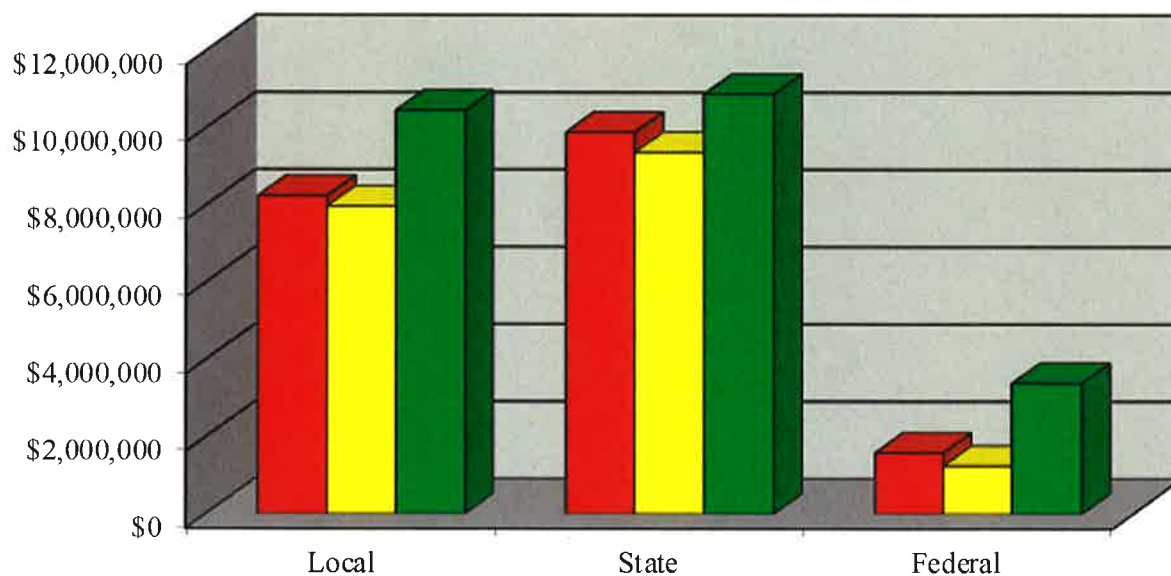
The following graph indicates the District's revenues by source for the last three years.

## PEASTER INDEPENDENT SCHOOL DISTRICT

### REVENUES BY SOURCE

	FY 2019-2020	FY 2020-2021	FY 2021-2022
<b>ADA</b>	<b>1237.69</b>	<b>1329.229</b>	<b>1544.691</b>
<b>Local</b>	<b>\$8,228,954</b>	<b>\$7,955,774</b>	<b>\$10,441,556</b>
<b>State</b>	<b>9,873,607</b>	<b>9,352,279</b>	<b>10,863,910</b>
<b>Federal</b>	<b>1,581,669</b>	<b>1,235,014</b>	<b>3,378,057</b>
<b>Total</b>	<b>\$19,684,230</b>	<b>\$18,543,067</b>	<b>\$24,683,523</b>

### Revenues by Source

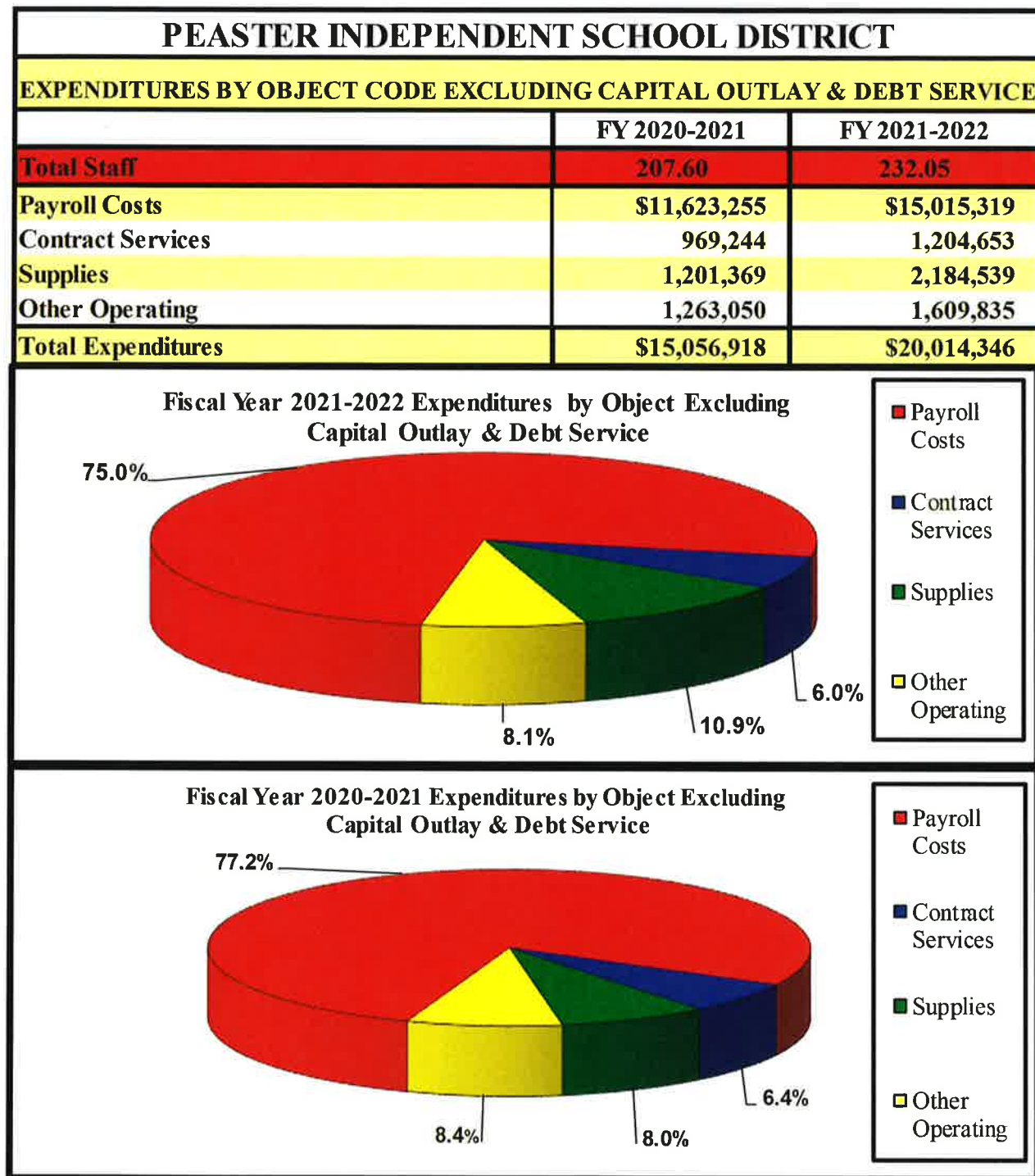


■ FY 2019-2020

■ FY 2020-2021

■ FY 2021-2022

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, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 5,411,844
1120 Current Investments	22,003,676
1220 Property Taxes - Delinquent	340,588
1230 Allowance for Uncollectible Taxes	(85,147)
1240 Due from Other Governments	3,903,854
1290 Other Receivables, Net	104,336
Capital Assets:	
1510 Land	1,010,585
1520 Buildings, Net	19,972,485
1530 Furniture and Equipment, Net	1,239,545
1550 Right-to-Use Leased Assets, Net	281,785
1580 Construction in Progress	5,700,950
1000 Total Assets	59,884,501
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	262,554
1705 Deferred Outflow Related to TRS Pension	1,458,676
1706 Deferred Outflow Related to TRS OPEB	1,342,911
1700 Total Deferred Outflows of Resources	3,064,141
<b>LIABILITIES</b>	
2110 Accounts Payable	162,967
2150 Payroll Deductions and Withholdings	25
2160 Accrued Wages Payable	1,262,276
2180 Due to Other Governments	139,936
2200 Accrued Expenses	108,492
2300 Unearned Revenue	851,249
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,935,642
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	46,053,395
2540 Net Pension Liability (District's Share)	1,838,925
2545 Net OPEB Liability (District's Share)	4,557,278
2000 Total Liabilities	56,910,185
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	2,098,461
2606 Deferred Inflow Related to TRS OPEB	3,169,821
2600 Total Deferred Inflows of Resources	5,268,282
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	620,074
Restricted:	
3820 Restricted for Federal and State Programs	971,353
3850 Restricted for Debt Service	2,602,590
3870 Restricted for Campus Activities	279,575
3900 Unrestricted	(3,703,417)
3000 Total Net Position	\$ 770,175

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 11,453,972	\$ 1,270,729	\$ 2,010,547	\$ (8,172,696)
12 Instructional Resources and Media Services	155,329	-	(368)	(155,697)
13 Curriculum and Instructional Staff Development	23,522	-	-	(23,522)
21 Instructional Leadership	453,397	338,293	(941)	(116,045)
23 School Leadership	784,155	-	(2,134)	(786,289)
31 Guidance, Counseling, and Evaluation Services	1,348,992	33,829	1,052,233	(262,930)
33 Health Services	172,413	-	31,250	(141,163)
34 Student (Pupil) Transportation	525,458	-	(735)	(526,193)
35 Food Services	755,465	98,215	774,597	117,347
36 Extracurricular Activities	1,238,260	388,662	(1,748)	(851,346)
41 General Administration	783,724	16,915	(8,073)	(774,882)
51 Facilities Maintenance and Operations	1,996,384	71,734	(1,845)	(1,926,495)
52 Security and Monitoring Services	80,656	-	13,060	(67,596)
53 Data Processing Services	329,713	-	18,011	(311,702)
72 Debt Service - Interest on Long-Term Debt	1,065,273	-	-	(1,065,273)
73 Debt Service - Bond Issuance Cost and Fees	186,066	-	-	(186,066)
93 Payments Related to Shared Services Arrangements	196,826	-	-	(196,826)
99 Other Intergovernmental Charges	86,634	-	-	(86,634)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 21,636,239	\$ 2,218,377	\$ 3,883,854	(15,534,008)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			5,041,049
DT	Property Taxes, Levied for Debt Service			2,874,541
SF	State Aid - Formula Grants			9,353,095
IE	Investment Earnings			97,980
MI	Miscellaneous Local and Intermediate Revenue			314,948
TR	Total General Revenues			17,681,613
CN	Change in Net Position			2,147,605
NB	Net Position - Beginning			(1,359,552)
PA	Prior Period Adjustment			(17,878)
NE	Net Position - Ending			\$ 770,175

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

Data Control Codes	10 General Fund	SSA Special Education Local Funded	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ (1,179)	\$ 889,800	\$ 1,527,015
1120 Investments - Current	1,658,285	-	2,243,263
1220 Property Taxes - Delinquent	227,113	-	113,475
1230 Allowance for Uncollectible Taxes	(56,778)	-	(28,369)
1240 Due from Other Governments	3,539,885	4,889	-
1260 Due from Other Funds	889,176	-	-
1290 Other Receivables	-	17,800	-
1000 Total Assets	<u>\$ 6,256,502</u>	<u>\$ 912,489</u>	<u>\$ 3,855,384</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 61,806	\$ 80,493	\$ -
2150 Payroll Deductions and Withholdings Payable	25	-	-
2160 Accrued Wages Payable	980,350	44,398	-
2170 Due to Other Funds	359,350	-	735,500
2180 Due to Other Governments	-	-	139,936
2200 Accrued Expenditures	72,848	3,709	-
2300 Unearned Revenue	-	783,889	-
2000 Total Liabilities	<u>1,474,379</u>	<u>912,489</u>	<u>875,436</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	170,335	-	85,106
2600 Total Deferred Inflows of Resources	<u>170,335</u>	<u>-</u>	<u>85,106</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	-	2,894,842
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	4,611,788	-	-
3000 Total Fund Balances	<u>4,611,788</u>	<u>-</u>	<u>2,894,842</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,256,502</u>	<u>\$ 912,489</u>	<u>\$ 3,855,384</u>

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



60 Capital Projects	Other Funds	Total Governmental Funds
\$ 2,603,330	\$ 392,878	\$ 5,411,844
17,553,252	548,876	22,003,676
-	-	340,588
-	-	(85,147)
-	359,080	3,903,854
-	454,432	1,343,608
-	86,536	104,336
<u>\$ 20,156,582</u>	<u>\$ 1,841,802</u>	<u>\$ 33,022,759</u>
\$ 15,375	\$ 5,293	\$ 162,967
-	-	25
-	237,528	1,262,276
-	251,535	1,346,385
-	-	139,936
-	29,158	105,715
-	67,360	851,249
<u>15,375</u>	<u>590,874</u>	<u>3,868,553</u>
-	-	255,441
-	-	255,441
-	257,644	257,644
20,141,207	-	20,141,207
-	-	2,894,842
-	713,709	713,709
-	279,575	279,575
-	-	4,611,788
<u>20,141,207</u>	<u>1,250,928</u>	<u>28,898,765</u>
<u>\$ 20,156,582</u>	<u>\$ 1,841,802</u>	<u>\$ 33,022,759</u>

PEASTER INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2022

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 28,898,765</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 \$44,366,698 and the accumulated depreciation was \$21,110,307. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	1,269,823
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.	7,927,757
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 \$1,458,676, a deferred resource inflow in the amount of \$2,098,461, and a net pension liability in the amount of \$1,838,925. This resulted in a decrease in net position.	(2,478,710)
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 \$1,342,911, a deferred resource inflow in the amount of \$3,169,821, and a net OPEB liability in the amount of \$4,557,278. This resulted in a decrease in net position.	(6,384,188)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,625,573)
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.	(26,837,699)
<b>19 Net Position of Governmental Activities</b>	<b>\$ 770,175</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 YEAR ENDED JUNE 30, 2022

Data Control Codes	10 General Fund	SSA Special Education Local Funded	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 5,264,923	\$ 794,415	\$ 2,844,373
5800 State Program Revenues	10,049,097	30,700	108,393
5900 Federal Program Revenues	110,133	-	-
5020 Total Revenues	15,424,153	825,115	2,952,766
EXPENDITURES:			
Current:			
0011 Instruction	8,056,670	682,286	-
0012 Instructional Resources and Media Services	165,651	-	-
0013 Curriculum and Instructional Staff Development	19,421	3,329	-
0021 Instructional Leadership	146,778	119,500	-
0023 School Leadership	847,660	-	-
0031 Guidance, Counseling, and Evaluation Services	328,356	-	-
0033 Health Services	154,744	-	-
0034 Student (Pupil) Transportation	456,470	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	902,199	-	-
0041 General Administration	964,583	-	-
0051 Facilities Maintenance and Operations	1,776,386	-	-
0052 Security and Monitoring Services	54,735	-	-
0053 Data Processing Services	302,809	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	67,640	-	1,180,000
0072 Interest on Long-Term Liabilities	14,231	-	1,006,063
0073 Bond Issuance Cost and Fees	-	-	2,640
Capital Outlay:			
0081 Facilities Acquisition and Construction	70,822	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	176,826	20,000	-
0099 Other Intergovernmental Charges	86,634	-	-
6030 Total Expenditures	14,592,615	825,115	2,188,703
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	831,538	-	764,063
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	-
7913 Right-to-Use Leases	355,918	-	-
7915 Transfers In	108,649	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	464,567	-	-
1200 Net Change in Fund Balances	1,296,105	-	764,063
0100 Fund Balance - July 1 (Beginning)	3,315,683	-	2,130,779
3000 Fund Balance - June 30 (Ending)	\$ 4,611,788	\$ -	\$ 2,894,842

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 59,751	\$ 1,478,094	\$ 10,441,556
-	675,720	10,863,910
-	3,267,924	3,378,057
59,751	5,421,738	24,683,523
-	2,526,234	11,265,190
-	-	165,651
-	772	23,522
-	215,326	481,604
-	-	847,660
-	1,089,698	1,418,054
-	31,691	186,435
-	-	456,470
-	775,262	775,262
-	301,203	1,203,402
-	18,791	983,374
-	62,619	1,839,005
-	13,741	68,476
-	18,402	321,211
103,731	1,856	1,353,227
6,949	1,085	1,028,328
183,426	-	186,066
6,199,277	-	6,270,099
-	-	196,826
-	-	86,634
6,493,383	5,056,680	29,156,496
(6,433,632)	365,058	(4,472,973)
24,300,000	-	24,300,000
-	13,841	369,759
-	-	108,649
2,383,426	-	2,383,426
(108,649)	-	(108,649)
26,574,777	13,841	27,053,185
20,141,145	378,899	22,580,212
62	872,029	6,318,553
\$ 20,141,207	\$ 1,250,928	\$ 28,898,765

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 YEAR ENDED JUNE 30, 2022

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 22,580,212</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.	7,927,757
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.	(1,625,573)
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.	(26,987,801)
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 \$348,351. 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 \$256,749. 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 \$30,372. The net result is a increase in the change in net position.	61,230
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 \$95,252. 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 the change in net position totaling \$77,165. 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 \$155,815. The net result is an increase in the change in net position.	173,902
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,129,727</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, 2022

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
<b>ASSETS</b>	
Current Assets:	
Due from Other Funds	\$ 2,777
Total Assets	2,777
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Expenses	2,777
Total Liabilities	2,777
<b>NET POSITION</b>	
Unrestricted Net Position	-
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 YEAR ENDED JUNE 30, 2022

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 565
Total Operating Revenues	565
OPERATING EXPENSES:	
Payroll Costs	565
Total Operating Expenses	565
Operating Income	-
Total Net Position - July 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 YEAR ENDED JUNE 30, 2022

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ -
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	565
Increase (decrease) in Accounts Payable	(565)
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, 2022

	Private Purpose Trust Funds	Custodial Fund	Fiduciary Component Unit
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 57,719	\$ 35,746	\$ -
Investments - Current	550,036	-	-
Restricted Assets	-	-	359,938
Total Assets	<u>607,755</u>	<u>35,746</u>	<u>359,938</u>
<b>LIABILITIES</b>			
Accounts Payable	-	30	-
Due to Other Governments	-	-	86,536
Total Liabilities	<u>-</u>	<u>30</u>	<u>86,536</u>
<b>NET POSITION</b>			
Restricted for Other Purposes	<u>607,755</u>	<u>35,716</u>	<u>273,402</u>
Total Net Position	<u>\$ 607,755</u>	<u>\$ 35,716</u>	<u>\$ 273,402</u>

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

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Private Purpose Trust Funds	Custodial Fund	Fiduciary Component Unit
<b>ADDITIONS:</b>			
Enterprising Services Revenue	\$ -	\$ -	\$ 454,369
Cocurricular Services or Activities	-	137,147	-
Earnings from Temporary Deposits	7,028	-	-
Contributions, Gifts and Donations	74,859	-	-
Total Additions	81,887	137,147	454,369
<b>DEDUCTIONS:</b>			
Supplies and Materials	-	134,411	-
Other Deductions	97,238	-	268,976
Total Deductions	97,238	134,411	268,976
Change in Fiduciary Net Position	(15,351)	2,736	185,393
Total Net Position - July 1 (Beginning)	623,106	32,980	88,009
Total Net Position - June 30 (Ending)	\$ 607,755	\$ 35,716	\$ 273,402

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

# PEASTER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

### 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 a major special revenue governmental fund 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.

**Capital Projects Fund** - The District did maintain a major capital projects governmental fund 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 custodial 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, if material. The supplies include consumable maintenance, instructional, office, athletic, and transportation items. Under the purchase method, supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Department of Agriculture and recorded as revenue and expenditures when received. Material inventories (if any) including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end. 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>
<b>Right-to-Use Lease Assets</b>	<b>Term of Lease</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	37,670,807	(17,757,454)	19,913,353	
Furniture and Equipment	4,747,869	(3,235,108)	1,512,761	
Financed Purchase Obligations	-	-	-	
Construction in Progress	791,140	-	791,140	
<b>Change in Net Position</b>				\$ 23,227,839
<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			\$ 19,877,306	
Accreted Interest on Bonds			261,752	
Add Unamortized Bond Premium / Discount			1,544,614	
Notes and Financed Purchase Obligations Payable			298,101	
Accrued Interest - Bonds, Notes, and Capital Leases			252,586	
Deferred Charge for Bond Refunding			(276,343)	
<b>Change in Net Position</b>				21,958,016
<b>Net Adjustment to Net Position</b>				<b>\$ 1,269,823</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	547,700		
Furniture & Equipment	5,495		
Long-Term Right to Use Lease Assets	326,965		
Construction in Progress	5,694,370		
<b>Total Capital Outlay</b>	<b>6,574,530</b>	<b>6,574,530</b>	<b>6,574,530</b>
<b>Debt Principal Payments</b>			
Bond Principal	1,180,000		
Note Principal Payments	18,000		
Financed Purchase Obligation Payments	-		
Long-Term Right to Use Lease Payments	155,227		
<b>Total Principal Payments</b>	<b>1,353,227</b>	<b>1,353,227</b>	<b>1,353,227</b>
<b>Total Adjustment to Net Position</b>		<b>\$ 7,927,757</b>	<b>\$ 7,927,757</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	\$ 150,102		\$ 150,102
Property tax adjustments to convert from the modified accrual basis to the full accrual basis of accounting	105,339	105,339	105,339
Other Revenue/Expense Adjustments	-	-	-
<b>Reclassify Proceeds of Bonds, Loans &amp; Financed Purch. Oblig.:</b>			
New Bond Issue	\$ (24,300,000)	(24,300,000)	(24,300,000)
Discount (Premium) or Deferred Charge on Issuance of Bonds	(2,383,426)	(2,383,426)	(2,383,426)
New Loans / Right to Use Asset Leases Issued	(369,759)	(369,759)	(369,759)
<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	(127,782)	(127,782)	(127,782)
Amortization of Bond Premium	194,698	194,698	194,698
Accretion of Interest on Bonds	(93,082)	(93,082)	(93,082)
<b>Totals</b>		<b>\$ (26,987,801)</b>	<b>\$ (26,837,699)</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, 2022 Fund Balance</b>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 257,644
Appropriated Budget Funds - Parker Co. SSA Special Revenue Fund	713,709
Non-appropriated Budget Funds	<u>279,575</u>
<b>All Special Revenue Funds</b>	<b>\$ 1,250,928</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>6/30/2022</b>
Cash Deposits in Bank	\$ 5,505,254
Certificates of Deposit Maturity to 3 months	-
Cash on Hand	55
Restricted Cash Deposits in Bank	359,938
<b>Total Cash and Cash Equivalents by Account Type</b>	<b>\$ 5,865,247</b>
<b>CASH AND CASH EQUIVALENTS BY FUND</b>	<b>6/30/2022</b>
Cash and Cash Equivalents:	
General Fund	\$ (1,179)
Major Governmental Funds	5,020,145
Non-Major Governmental Funds	392,878
Enterprise Funds	-
Internal Service Funds	-
Custodial Funds	35,746
Trust Funds	57,719
Other Funds	359,938
<b>Total Cash and Cash Equivalents by Fund</b>	<b>\$ 5,865,247</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>6/30/2022</b>
Name of Depository Bank: Spirit of Texas Bank/Simmons Bank, Weatherford, TX		
Total amount of FDIC Insurance (FDIC)	\$ 750,000	\$ 1,250,000
Amount of Bond or Securities Pledged	10,894,013	13,981,322
Total FDIC, Bond or Securities Pledged	\$ 11,644,013	\$ 15,231,322
Cash Deposits and Cash Investments in Bank	\$ 11,368,726	\$ 8,331,195
<b>Excess or (Shortage) FDIC and Bond or Pledged Securities Pledged</b>	<b>\$ 275,287</b>	<b>\$ 6,900,127</b>
The District's cash deposits were entirely covered by FDIC Insurance or by bond or pledged collateral by the Depository Bank	<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 year, the District had the following investments:

Investments	June 30, 2022 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	\$ 2,115	\$ -	\$ -	\$ -	0.01%	23	AAAm*
Investments measured at net asset value (NAV)-							
Investment pools:							
LoneStar	20,663,002	-	-	-	91.62%	12	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	1,338,559	-	1,338,559	-	5.93%	250	BBB+ to AA-
Commercial Paper	-	-	-	-	0.00%	-	BBB+ to AA-
Restricted Investments-	-	-	-	-	0.00%	-	BBB+ to AA-
Scholarship Funds-Certificates of Deposit	550,036	-	550,036	-	2.44%	250	BBB+ to AA-
Education Foundation-Certificates of Deposit	-	-	-	-	0.00%	-	BBB+ to AA-
<b>Total Investments</b>	<b>\$ 22,553,712</b>	<b>\$ -</b>	<b>\$ 1,888,595</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	\$ 735,500	\$ -
Non-major Governmental Funds	153,676	356,573
Internal Service Funds	-	2,777
All Others	-	-
Total General Fund	<u>\$ 889,176</u>	<u>\$ 359,350</u>
<b>Major Governmental Funds</b>		
General Fund	<u>\$ -</u>	<u>\$ 735,500</u>
Total Major Governmental Funds	<u>\$ -</u>	<u>\$ 735,500</u>
<b>Non-major Governmental Funds</b>		
General Fund	\$ 356,573	\$ 153,676
Non-major Governmental Funds	<u>97,859</u>	<u>97,859</u>
Total Non-major Governmental Funds	<u>\$ 454,432</u>	<u>\$ 251,535</u>
<b>Internal Service Funds</b>		
General Fund	\$ 2,777	\$ -
Major Governmental Fund	-	-
Non-major Governmental Funds	-	-
Total Internal Service Funds	<u>\$ 2,777</u>	<u>\$ -</u>
<b>Total Interfund Receivables / Payables</b>	<u><b>\$ 1,346,385</b></u>	<u><b>\$ 1,346,385</b></u>

The balance of \$735,500 due from the debt service fund to the general fund resulted from a previous year transfer to assist in the refunding of bonds. The balance of \$153,676 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 \$454,432 is a short-term loan to the general fund and non-major governmental funds to cover cash balance shortages. The balance of \$2,777 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	\$ 108,649	\$ -
Non-major Governmental Funds	-	-
Other Funds	\$ -	\$ -
Total General Fund	\$ 108,649	\$ -
<b>Major Governmental Funds</b>		
General Fund	\$ -	\$ 108,649
Non-major Governmental Funds	-	-
Total Major Governmental Funds	\$ -	\$ 108,649
<b>Non-major Governmental Funds</b>		
General Fund	\$ -	\$ -
Other Major Governmental Funds	-	-
All Others	-	-
Total Non-major Governmental Funds	\$ -	\$ -
<b>Total Interfund Transfers</b>	<b>\$ 108,649</b>	<b>\$ 108,649</b>

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 general fund from the capital projects fund to reimburse expenditures paid during the previous year of \$108,649 before bond funds were received.

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:

	<b>Property Taxes</b>	<b>Other Governments</b>	<b>Due From Other Funds</b>	<b>Other</b>	<b>Total Receivables</b>
<b>Governmental Activities:</b>					
General Fund	\$ 227,113	\$ 3,539,885	\$ 889,176	\$ -	\$ 4,656,174
Major Governmental Fund D/S	113,475	4,889	-	17,800	136,164
Non-major Governmental Funds	-	359,080	454,432	86,536	900,048
Internal Service Funds	-	-	2,777	-	2,777
<b>Total Governmental Activities</b>	<b>\$ 340,588</b>	<b>\$ 3,903,854</b>	<b>\$ 1,346,385</b>	<b>\$ 104,336</b>	<b>5,695,163</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	\$ 61,806	\$ 980,350	\$ 72,873	\$ 359,350	\$ -	\$ -	\$ 1,474,379
Major Governmental Fund D/S	-	-	-	735,500	139,936	-	875,436
Major Governmental Fund	95,868	44,398	3,709	-	-	-	143,975
Non-major Governmental Funds	5,293	237,528	29,158	251,535	-	-	523,514
Internal Service Funds	-	-	2,777	-	-	-	2,777
<b>Total Governmental Type Activities</b>	<b>\$162,967</b>	<b>\$ 1,262,276</b>	<b>\$ 108,517</b>	<b>\$1,346,385</b>	<b>\$ 139,936</b>	<b>\$ -</b>	<b>\$ 3,020,081</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:

<b>Primary Government</b>				
	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	37,670,807	1,332,260	-	39,003,067
Furniture and Equipment	4,747,869	5,495	-	4,753,364
Long-Term Right to Use Lease Assets	-	473,263	-	473,263
Construction In Progress	791,140	5,694,370	784,560	5,700,950
<b>Totals at Historic Cost</b>	<b>\$ 44,220,401</b>	<b>\$ 7,505,388</b>	<b>\$ 784,560</b>	<b>\$ 50,941,229</b>
<b>Less Accumulated Depreciation &amp; Amortization for:</b>				
Buildings and Improvements	\$ 17,757,454	\$ 1,273,128	\$ -	\$ 19,030,582
Furniture and Equipment	3,235,108	278,711	-	3,513,819
Long-Term Right to Use Lease Assets	-	191,478	-	191,478
<b>Total Accumulated Depreciation and Amortization</b>	<b>\$ 20,992,562</b>	<b>\$ 1,743,317</b>	<b>\$ -</b>	<b>\$ 22,735,879</b>
<b>Governmental Activities Capital Assets- Net</b>	<b>\$ 23,227,839</b>	<b>\$ 5,762,071</b>	<b>\$ -</b>	<b>\$ 28,205,350</b>

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

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Instruction	\$ 1,160,931
Instructional Leadership	-
School Leadership	-
Student (Pupil) Transportation	89,075
Food Services	9,422
Cocurricular/Extracurricular Activities	114,767
General Administration	5,136
Plant Maintenance and Operations	170,764
Security and Monitoring Service	12,555
Data Processing Services	62,923
<b>Total Depreciation Expense</b>	<b>\$ 1,625,573</b>

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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.

**LONG-TERM LEASE ASSETS****Intangible Right-to-Use Assets**

In Fiscal Year 2022, the District implemented the guidance in **GASBS No. 87, *Leases***, and recognized the value of copiers, postage machines, and software leased under long-term contracts and portable buildings leased for a campus facility.

As of June 30, 2022, the District had several lease agreements in place for copiers, postage machines, software, and portable buildings. In the current year, the District entered into new lease agreements to replace the copiers leased under previous leases with new leased equipment. The terms of the new lease agreements require amortization and payments over 5 years.

As of June 30, 2022, the District had leased portable buildings for District use. The District leased portable buildings from Mobile Modular Management, to use as temporary classrooms until current construction of facilities can be completed. There was not a building lease renewed during the current year as the current year leases were multi-year leases. The District does not plan to renew this lease and will likely complete the construction of the new facility building to replace this leased property in the next two years. The intangible right-to-use asset is being amortized over 3 years, the term of the current building lease. Terms of this lease are described in Note H.

**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. LONG-TERM LIABILITY OBLIGATIONS

The following is a summary of the District's long-term debt for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds and Notes Payable:</b>					
General Obligation Bonds	\$ 19,877,306	\$ 24,300,000	\$ 1,180,000	\$ 42,997,306	\$ 1,370,000
Premium on Bond Issuance	1,544,614	2,383,426	194,698	3,733,342	-
Maintenance Tax Notes	298,101	-	18,000	280,101	19,000
Financed Purchase Obligations	-	-	-	-	-
<b>Total Bonds and Notes Payable</b>	<b>\$ 21,720,020</b>	<b>\$ 26,683,426</b>	<b>\$ 1,392,698</b>	<b>\$ 47,010,748</b>	<b>\$ 1,389,000</b>
<b>Other Liabilities:</b>					
Accretion Interest	\$ 261,752	\$ 93,082	\$ -	354,834	\$ -
Accrued Interest Payable	252,586	377,358	252,586	377,358	252,586
<b>Total Other Liabilities</b>	<b>\$ 514,338</b>	<b>\$ 470,440</b>	<b>\$ 252,586</b>	<b>\$ 732,192</b>	<b>\$ 252,586</b>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 22,234,358</b>	<b>\$ 27,153,866</b>	<b>\$ 1,645,284</b>	<b>\$ 47,742,940</b>	<b>\$ 1,641,586</b>

### Debt Payable - Governmental Activities:

Description	Interest Rate	Original Issue	Interest Current Year	Beginning Balance 7/1/2021	Additions	Reductions	Ending Balance 6/30/2022
<b>General Obligation Bonds Payable:</b>							
U/L TAX SCHOOL BUILDING BONDS 2021 SERIES	3.00-5.00%	\$ 24,300,000	\$ 338,815	\$ -	\$ 24,300,000	\$ -	\$ 24,300,000
U/L TAX SCHOOL BUILDING BONDS 2014B SERIES	2.00-4.00%	\$ 5,745,000	26,700	995,000	-	210,000	785,000
U/L TAX REFUNDING BONDS 2015 SERIES	0.05-4.00%	\$ 3,555,000	115,200	3,115,000	-	170,000	2,945,000
U/L TAX REFUNDING BONDS 2018 SERIES	2.00-5.00%	\$ 6,900,000	275,950	6,020,000	-	280,000	5,740,000
U/L TAX SCHOOL BUILDING BONDS 2018A SERIES	2.00-5.00%	\$ 3,699,429	57,750	2,859,429	-	460,000	2,399,429
U/L TAX SCHOOL BUILDING BONDS 2018B SERIES	3.34-4.00%	\$ 2,177,877	46,800	2,177,877	-	-	2,177,877
U/L TAX REFUNDING BONDS 2020 SERIES	1.57-5.00%	\$ 4,710,000	144,848	4,710,000	-	60,000	4,650,000
<b>Total General Obligation Bonds</b>			<b>\$ 1,006,063</b>	<b>\$ 19,877,306</b>	<b>\$ 24,300,000</b>	<b>\$ 1,180,000</b>	<b>\$ 42,997,306</b>
<b>Premium on Bond Issuance</b>				<b>\$ 1,544,614</b>	<b>\$ 2,383,426</b>	<b>\$ 194,698</b>	<b>\$ 3,733,342</b>
<b>Maintenance Tax Notes Payable:</b>							
2020 SERIES MAINTENANCE TAX NOTES	3.00-4.00%	\$ 318,000	\$ 8,672	\$ 298,101	\$ -	\$ 18,000	\$ 280,101
N/A	0.00%	\$ -	-	-	-	-	-
<b>Total Maintenance Tax Notes</b>			<b>\$ 8,672</b>	<b>\$ 298,101</b>	<b>\$ -</b>	<b>\$ 18,000</b>	<b>\$ 280,101</b>
<b>Financed Purchase Obligations Payable:</b>							
N/A	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	0.00%	\$ -	-	-	-	-	-
<b>Total Financed Purchase Obligations</b>			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Debt Payable - Governmental Activities</b>			<b>\$ 1,014,734</b>	<b>\$ 21,720,020</b>	<b>\$ 26,683,426</b>	<b>\$ 1,392,698</b>	<b>\$ 47,010,748</b>

The following table summarizes the annual debt service requirements of the District's Governmental Activities long-term debt June 30, 2022:

	General Obligation Bonds		Maintenance Tax Notes		Financed Purch. Oblig.		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,370,000	\$ 1,391,173	\$ 19,000	\$ 8,145	\$ -	\$ -	\$ 1,389,000	\$ 1,399,318
2024	1,375,000	1,334,048	19,000	7,575	-	-	1,394,000	1,341,623
2025	1,352,954	1,371,019	20,000	6,990	-	-	1,372,954	1,378,009
2026	1,378,502	1,341,696	19,000	7,277	-	-	1,397,502	1,348,973
2027	1,413,938	1,299,810	20,000	6,790	-	-	1,433,938	1,306,600
2028-2032	7,857,215	5,531,904	109,000	23,710	-	-	7,966,215	5,555,614
2033-2037	7,934,697	4,047,644	74,101	4,580	-	-	8,008,798	4,052,224
2038-2042	5,775,000	2,662,550	-	-	-	-	5,775,000	2,662,550
2043-2047	6,730,000	1,692,125	-	-	-	-	6,730,000	1,692,125
2048-2052	7,810,000	599,700	-	-	-	-	7,810,000	599,700
<b>Totals</b>	<b>\$ 42,997,307</b>	<b>\$ 21,271,668</b>	<b>\$ 280,101</b>	<b>\$ 65,067</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,277,407</b>	<b>\$ 21,336,736</b>



The District did issue \$24,300,000 in Unlimited Tax School Building bonds during the current year for construction of a new educational facility.

The District did issue refunding bonds during the previous year, but not 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.

## **LONG-TERM LEASE OBLIGATIONS**

### **Intangible Right-to-Use Lease Liabilities**

In FY 2022, the District implemented the guidance of GASB Statement No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases.

#### ***Copier Leases***

The District leases a variety of copier/printers from Xerox for a term of 60 months. The leases on the 2017 old copiers expired in fiscal year 2022. The District therefore entered into a new leases which requires a minimum monthly lease payment of \$956, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the 2022 leases, the District used the interest rate (10%) on its financing agreements to determine an appropriate discount rate. The 2017 leases were discounted using an imputed rates of 7.4% to 12.40% to determine the discounted lease liability that matched the buyout payment. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note F.

#### ***Software and Phone Leases***

The District leases software and phones from Xerox Financial and K State Bank for a term of 60 months and 36 months. The leases on the 2016 software and phoned expired in fiscal year 2022. The District therefore entered into a new leases which requires a minimum monthly lease payments of \$142 and \$1,033, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the 2022 lease, the District used the interest rate (4%) on its financing agreements to determine an appropriate discount rate. The 2016 lease was discounted using an imputed rate of 4.00% to determine the discounted lease liability that matched the buyout payment. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note F.

### ***Building Leases***

The District leases portable buildings from Mobile Modular Management for a term of 36 months. The terms of the prior year leases were required minimum monthly lease payments of \$0 (No prior year building operating leases). The District did lease any buildings as of June 30, 2022. The District entered into new building leases which requires a minimum monthly lease payment of \$12,151, plus additional charges for a personal property fee. For purposes of discounting future payments on the 2022 building leases, the District used the interest rate (4%) on its financing agreements to determine an appropriate discount rate. There were no prior year building leases and therefore no prior year lease was discounted using an imputed rate of 0.00% to determine the discounted lease liability that matched the buyout payment. The leased buildings and accumulated amortization of the right-to-use assets are outlined in Note F.

#### **Minimum future lease payments:**

Lease Payments to Maturity of the District's Governmental Activities long-term leases as of June 30, 2022:

	<b>Copy Machine Leases</b>		<b>Phone &amp; Software Leases</b>		<b>Portable Building Leases</b>		<b>Totals</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 14,442	\$ 4,153	\$ 12,987	\$ 1,114	\$ 141,855	\$ 3,952	\$ 169,284	\$ 9,219
2024	10,194	3,015	13,516	585	21,989	110	45,699	3,710
2025	9,412	2,064	3,621	149	-	-	13,033	2,213
2026	10,397	1,078	1,633	75	-	-	12,030	1,153
2027	5,066	158	983	13	-	-	6,049	171
2028-2032	-	-	-	-	-	-	-	-
2033-2037	-	-	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-	-	-
2048-2052	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 49,511</b>	<b>\$ 10,468</b>	<b>\$ 32,740</b>	<b>\$ 1,936</b>	<b>\$ 163,844</b>	<b>\$ 4,062</b>	<b>\$ 246,095</b>	<b>\$ 16,466</b>

### **I. COMMITMENTS UNDER OPERATING LEASES**

The District has no commitments under short-term (non-financed purchase obligations) lease agreements for facilities and equipment and therefore have no provision for minimum future rental payments at year end as follows (the imputed interest on the leases range from N/A):

<b>Year Ending June 30</b>	
2023	\$ -
2024	-
2025	-
2026	-
<b>Total Minimum Future Rentals</b>	<b>\$ -</b>
<b>Rental Expenditures in Fiscal Year 2022</b>	<b>\$ -</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- UNAVAILABLE REVENUE - GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Unearned revenue and Deferred Inflows of Resources – Unavailable Revenue at year-end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
<b>Unearned Revenue:</b>				
Unearned Grant Revenue	\$ -	\$ 67,360	\$ -	\$ 67,360
Other Unearned Revenue	-	783,889	-	783,889
<b>Total Unearned Revenue</b>	<b>\$ -</b>	<b>\$ 851,249</b>	<b>\$ -</b>	<b>\$ 851,249</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue-Property Taxes	\$ 170,335	\$ -	\$ 85,106	\$ 255,441
Other Unavailable Revenue	-	-	-	-
<b>Total Deferred Inflows</b>	<b>\$ 170,335</b>	<b>\$ -</b>	<b>\$ 85,106</b>	<b>\$ 255,441</b>

**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.

FUND	DUE FROM STATE- FOUNDATION ENTITLEMENTS	DUE FROM STATE-STATE & FEDERAL GRANTS	DUE FROM OTHER GOVERNMENTS	TOTAL
General	\$ 3,539,885	\$ -	\$ -	\$ 3,539,885
Special Revenue	-	337,923	26,046	363,969
Debt Service	-	-	-	-
<b>Totals</b>	<b>\$ 3,539,885</b>	<b>\$ 337,923</b>	<b>\$ 26,046</b>	<b>\$ 3,903,854</b>

## 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	Capital Projects Fund	Total
Property Taxes	\$ 4,936,560	\$ -	\$ 2,811,963	\$ -	\$ 7,748,523
Penalties, Interest and Other Tax- Related Income	40,642	-	21,085	-	61,727
Investment Income	19,567	7,337	11,325	59,751	97,980
Foundations, Gifts and Bequests	36,632	86,536	-	-	123,168
Food Sales	-	98,215	-	-	98,215
Co-curricular Student Activities	69,997	367,256	-	-	437,253
Insurance Recovery, SSA, & Other	161,525	1,713,165	-	-	1,874,690
<b>Totals</b>	<b>\$ 5,264,923</b>	<b>\$2,272,509</b>	<b>\$ 2,844,373</b>	<b>\$ 59,751</b>	<b>\$10,441,556</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 except for the completion of the current facility construction.

## 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	Funding Source	Fiscal Agent Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
Parker County Coop	Special Education	State Revenue	437	N.A.	\$ 176,826
Parker County Coop	DHH	State Revenue	458	N.A.	\$ 20,000
<b>TOTAL FUNCTION 93 EXPENDITURES</b>					<b>\$ 196,826</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 20, 2022**, the date this Annual Financial Report was issued. No material subsequent events had occurred in the period of June 30, 2022, 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 and is a separate legal entity; however, the support for the District is material to the financial statements and is included as a discretely presented fiduciary component unit per 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 adjustment, but did make a net position adjustment for (\$17,878) to record the effects of newly adopted GASB 87 for long-term leases in the governmental activities.

	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 GASB 87 Long-term Leases				\$ (17,878)
<b>Total Net Position Adjustment</b>				<b>\$ (17,878)</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, 2022, the Fund carries a discounted reserve of \$4,401,000 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, 2022, 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 \$2,777 as of June 30, 2022.

### **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, 2022, 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.

#### 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 can be found in the TRS 2021 ACFR, Note 11, on pages 85 and 86.

	Contribution Rates	
	2021	2022
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.8%
Employers	7.5%	7.8%
Current fiscal year employer contributions	\$	393,965
Current fiscal year member contributions	\$	911,680
2021 measurement year NECE on-behalf contributions	\$	629,516
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2020 Medicare, Part D On-Behalf	\$	42,759
Fiscal year 2021 Medicare, Part D On-Behalf	\$	46,994
Fiscal year 2022 Medicare, Part D On-Behalf	\$	36,815

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 1.6 percent of the member's salary beginning in fiscal year 2021, 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, 2020, actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2021 TRS ACFR, Note 11, page 87.

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
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 August 2019	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)	2120
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, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

#### **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, 2021 (see page 53 of the TRS ACFR) are summarized below:

Table 3.A.1: Asset Allocations			
Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.0 %	3.6 %	0.94 %
Non-US Developed	13.0	4.4	0.83
Emerging Markets	9.0	4.6	0.74
Private Equity	14.0	6.3	1.36
<b>Stable Value</b>			
Government Bonds	16.0 %	(0.2)%	0.01 %
Absolute Return	0.0	1.1	0.00
Stable Value Hedge Funds	5.0	2.2	0.12
<b>Real Return</b>			
Real Estate	15.0 %	4.5 %	1.00 %
Energy, Natural Resources & Infrastructure	6.0	4.7	0.35
Commodities	0.0	1.7	0.00
<b>Risk Parity</b>	8.0 %	2.8 %	0.28 %
<b>Asset Allocation Leverage</b>			
Cash	2.0 %	(0.7)%	(0.01) %
Asset Allocation Leverage	(6.0)	(0.5)	0.03
Inflation Expectation			2.20 %
Volatility Drag****			(0.95) %
<b>Expected Return</b>	<b>100.0 %</b>		<b>6.90 %</b>
*Absolute Return includes Credit Sensitive Investments.			
**Target allocations are based on the FY2021 policy model.			
***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).			
****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. The discount rate can be found in the 2021 TRS ACFR, Note 11, page 87 and the Table of Sensitivities [Table 11.I.1] can be found on page 88.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 4,018,344	\$ 1,838,925	\$ 70,755

**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 \$1,838,925 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	\$ 1,838,925
State's proportionate share that is associated with the District	3,756,681
Total	<u>\$ 5,595,606</u>

The net pension liability was measured as of August 31, 2020, and rolled forward to August 31, 2021, 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, 2020, thru August 31, 2021.

At August 31, 2021, the employer's proportion of the collective net pension liability was 88.79% which was an increase of 13.25% from its proportion measured as of August 31, 2020.

**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>\$ 302,140</u>
Revenue for support provided by the State	<u>\$ 15,019</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: The current year amounts can be found on the GASB 68 Plan Level Schedule of Deferred Inflows and Outflows file, rows 11, 20, 29 and 38 in column I and J.

	Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 3,077	\$ 129,462
Changes in actuarial assumptions	650,024	283,355
Differences between projected and actual investment earnings	-	1,541,915
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	457,224	143,729
Total as of August 31, 2020 measurement date	\$ 1,110,325	\$ 2,098,461
Contributions paid to TRS subsequent to the measurement date	348,351	
Total as of fiscal year-end	\$ 1,458,676	\$ 2,098,461

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

Fiscal year ended June 30,	Pension Expense Amount
2023	\$ (57,630)
2024	(108,902)
2025	(323,598)
2026	(473,077)
2027	(21,605)
Thereafter	(3,324)

## **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	
	2021	2022
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		\$ 109,640
Current fiscal year member contributions		\$ 74,480
2021 measurement year NECE on-behalf contributions		\$ 123,656

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 fiscal year 2021 for consumer protection against medical and health care billing by certain out-of-network providers.

**e. Actuarial Assumptions**

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2021 TRS ACFR, Note 9, page 76.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The 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, 2020, TRS pension actuarial valuation that was rolled forward to August 31, 2021:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. 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 mortality projection scale MP-2018.

**Actuarial Methods and Assumptions:**

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

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
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 Benefit Changes	None

**f. Discount Rate**

A single discount rate of 1.95 percent was used to measure the total OPEB Liability. There was a decrease of .38 percent in the discount rate since the previous year. The Discount Rate can be found in the 2021 TRS ACFR on page 77. 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, 2021, using the fixed-income Market Data/Yield Curve/ Data 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 than and 1 percentage point higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Proportionate share of the net OPEB liability	\$ 5,497,127	\$ 4,557,278	\$ 3,817,586

**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 \$4,557,278 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	\$ 4,557,278
State's proportionate share that is associated with the District	6,105,737
Total	<u>\$ 10,663,015</u>

The Net OPEB Liability was measured as of August 31, 2020, and rolled forward to August 31, 2021, 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, 2020, thru August 31, 2021.

At the current year-end August 31, the employer's proportion of the collective Net OPEB Liability was 0.75%, compared to 0.75% 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	\$ 3,691,244	\$ 4,557,278	\$ 5,719,280



**Changes Since the Prior Actuarial Valuation** - The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period: These can be found in the 2021 TRS ACFR on page 77.

- The discount rate changed from 2.33 percent as of August 31, 2020, to 1.95 percent as of August 31, 2021. This change increased 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 (\$303,998)

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: The current year amounts can be found on the BASB 75 Plan Level Schedule of Deferred Inflows and Outflows file, rows 8, 15, 22 and 29 in column H and I.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 196,212	\$ 2,206,041
Changes in actuarial assumptions	504,772	963,780
Differences between projected and actual investment earnings	4,948	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	541,727	-
Contributions paid to TRS subsequent to the measurement date	95,252	
<b>Total as of fiscal year-end</b>	<b>\$ 1,342,911</b>	<b>\$ 3,169,821</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
2023	\$ (391,517)
2024	(391,629)
2025	(391,598)
2026	(271,639)
2027	(109,234)
Thereafter	(366,545)

For the current year ended June 30, the District recognized OPEB expense of (\$303,998) and revenue of \$225,348 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 YEAR ENDED JUNE 30, 2022

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	\$ 5,065,615	\$ 5,110,215	\$ 5,264,923	\$ 154,708
5800	State Program Revenues	8,771,963	8,771,963	10,049,097	1,277,134
5900	Federal Program Revenues	154,000	154,000	110,133	(43,867)
5020	Total Revenues	13,991,578	14,036,178	15,424,153	1,387,975
EXPENDITURES:					
Current:					
0011	Instruction	7,686,947	8,090,004	8,056,670	33,334
0012	Instructional Resources and Media Services	265,027	265,027	165,651	99,376
0013	Curriculum and Instructional Staff Development	25,351	25,351	19,421	5,930
0021	Instructional Leadership	115,891	160,891	146,778	14,113
0023	School Leadership	1,003,812	1,053,812	847,660	206,152
0031	Guidance, Counseling, and Evaluation Services	282,806	332,806	328,356	4,450
0033	Health Services	160,060	160,060	154,744	5,316
0034	Student (Pupil) Transportation	369,891	519,891	456,470	63,421
0036	Extracurricular Activities	869,961	943,793	902,199	41,594
0041	General Administration	979,182	1,020,839	964,583	56,256
0051	Facilities Maintenance and Operations	1,558,013	1,712,856	1,776,386	(63,530)
0052	Security and Monitoring Services	57,101	78,101	54,735	23,366
0053	Data Processing Services	353,481	346,464	302,809	43,655
Debt Service:					
0071	Principal on Long-Term Liabilities	72,000	182,170	67,640	114,530
0072	Interest on Long-Term Liabilities	-	20,875	14,231	6,644
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	69,204	70,822	(1,618)
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	156,856	212,856	176,826	36,030
0099	Other Intergovernmental Charges	-	88,000	86,634	1,366
6030	Total Expenditures	13,956,379	15,283,000	14,592,615	690,385
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	35,199	(1,246,822)	831,538	2,078,360
OTHER FINANCING SOURCES (USES):					
7913	Right-to-Use Leases	-	-	355,918	355,918
7915	Transfers In	-	-	108,649	108,649
8911	Transfers Out (Use)	(54,697)	(54,697)	-	54,697
7080	Total Other Financing Sources (Uses)	(54,697)	(54,697)	464,567	519,264
1200	Net Change in Fund Balances	(19,498)	(1,301,519)	1,296,105	2,597,624
0100	Fund Balance - July 1 (Beginning)	3,315,683	3,315,683	3,315,683	-
3000	Fund Balance - June 30 (Ending)	\$ 3,296,185	\$ 2,014,164	\$ 4,611,788	\$ 2,597,624

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.00722097%	0.00721161%	0.007695106%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,838,925	\$ 3,862,391	\$ 4,000,157
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	3,756,681	7,736,841	6,861,027
Total	<u>\$ 5,595,606</u>	<u>\$ 11,599,232</u>	<u>\$ 10,861,184</u>
District's Covered Payroll	\$ 10,377,814	\$ 10,035,988	\$ 9,124,317
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	17.72%	38.49%	43.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

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, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.006641639%	0.006362207%	0.00429352%	0.0042022%	0.0015934%
\$ 3,655,719	\$ 2,034,291	\$ 1,622,457	\$ 1,485,422	425,619
7,550,195	4,318,042	4,570,145	4,287,110	3,655,568
<u>\$ 11,205,914</u>	<u>\$ 6,352,333</u>	<u>\$ 6,192,602</u>	<u>\$ 5,772,532</u>	<u>\$ 4,081,187</u>
\$ 8,531,822	\$ 7,971,169	\$ 7,970,209	\$ 7,486,629	7,142,445
42.85%	25.52%	20.36%	19.84%	5.96%
73.74%	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 2022

	2022	2021	2020
Contractually Required Contribution	\$ 393,965	\$ 303,080	\$ 296,180
Contribution in Relation to the Contractually Required Contribution	(393,965)	(303,080)	(296,180)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 11,458,373	\$ 10,378,404	\$ 10,032,056
Contributions as a Percentage of Covered Payroll	3.44%	2.92%	2.95%

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.

2019	2018	2017	2016	2015
\$ 267,414	\$ 224,038	\$ 212,190	\$ 188,331	\$ 167,053
(267,414)	(224,038)	(212,190)	(188,331)	(167,053)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,191,639	\$ 8,531,822	\$ 7,970,209	\$ 7,932,279	\$ 7,486,629
2.91%	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 YEAR ENDED JUNE 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.011814234%	0.011726948%	0.011474755%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,557,278	\$ 4,457,943	\$ 5,426,550
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	6,105,737	5,990,406	7,210,674
Total	<u>\$ 10,663,015</u>	<u>\$ 10,448,349</u>	<u>\$ 12,637,224</u>
District's Covered Payroll	\$ 10,377,814	\$ 10,035,988	\$ 9,124,317
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	43.91%	44.42%	59.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2022 are for measurement date August 31, 2021. 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 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.



FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.010917044%		0.010513538%	
\$	5,450,980	\$	4,571,943
	7,260,525		6,174,825
\$	12,711,505	\$	10,746,768
\$ 8,531,822		\$ 7,971,169	
	63.89%		57.36%
	1.57%		0.91%

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 109,640	\$ 91,282	\$ 86,312
Contribution in Relation to the Contractually Required Contribution	(109,640)	(91,282)	(86,312)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 11,458,373	\$ 10,378,404	\$ 10,032,056
Contributions as a Percentage of Covered Payroll	0.96%	0.88%	0.86%

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.

<u>2019</u>		<u>2018</u>	
\$	81,197	\$	75,012
	(81,197)		(75,012)
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>
\$	9,191,639	\$	8,531,822
	0.88%		0.88%

**PEASTER INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE TEN MONTHS ENDED JUNE 30, 2022**

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

**Changes of benefit terms**

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

**Changes of assumptions**

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

**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 single discount rate changed from 2.33 percent as of August 31, 2020, to 1.95 percent as of August 31, 2021. This change increased the total OPEB liability.

**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.

**PEASTER INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE TEN MONTHS ENDED JUNE 30, 2022**

**Expenditures Exceeding Appropriation**

The current year expenditures did exceed appropriations in functions 51 and 81 in the general fund as detailed in Exhibit G-1 "Budgetary Comparison Schedule -General Fund". The excess is noted but did not exceed appropriations in a material amount and therefore is not listed as a current year finding. The excess arose from recording the lease proceeds and purchases of right-to-use long-term lease assets per GASB 87 during the current year. The current year expenditures did not exceed appropriations in any functions in the food service fund as detailed in Exhibit J-2 "Budgetary Comparison Schedule -Child Nutrition Fund". The current year expenditures 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, 2022

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	\$ 10,887	\$ 303,648	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 10,887</u>	<u>\$ 303,648</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 2,540	\$ -	\$ -
2160	Accrued Wages Payable	8,955	37,526	-	-
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	1,932	5,938	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>10,887</u>	<u>46,004</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	257,644	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>257,644</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 10,887</u>	<u>\$ 303,648</u>	<u>\$ -</u>	<u>\$ -</u>

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	283 ESSER-SUPP	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
\$ -	\$ -	\$ -	\$ -	\$ 39,758	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	149,320	-	10,000	72,879	-	11,712	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 149,320</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 112,637</u>	<u>\$ -</u>	<u>\$ 11,712</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,072	-	-	98,032	-	8,840	-
-	143,676	-	10,000	-	-	1,360	-
-	572	-	-	14,605	-	1,512	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>149,320</u>	<u>-</u>	<u>10,000</u>	<u>112,637</u>	<u>-</u>	<u>11,712</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 149,320</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 112,637</u>	<u>\$ -</u>	<u>\$ 11,712</u>	<u>\$ -</u>



PEASTER INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

Data Control Codes		364 SSA - IDEA B Formula ARP Act	365 SSA - IDEA B Preschool ARP Act	397 Advanced Placement Incentives	410 State Instructional Materials
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 3,166	\$ 48,992
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	39,573	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 39,573</u>	<u>\$ -</u>	<u>\$ 3,166</u>	<u>\$ 48,992</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	39,573	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	3,166	48,992
2000	Total Liabilities	<u>39,573</u>	<u>-</u>	<u>3,166</u>	<u>48,992</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 39,573</u>	<u>\$ -</u>	<u>\$ 3,166</u>	<u>\$ 48,992</u>

429 High Quality Pre-K Program	434 SSA - SSVI Visually Impaired	435 SSA Regional Day School - Deaf	437 SSA Special Education	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 15,202	\$ -	\$ -	\$ (106,994)	\$ -	\$ 78,219	\$ 392,878
-	-	-	548,876	-	-	548,876
-	964	54,438	18,670	1,524	-	359,080
-	-	-	338,990	-	115,442	454,432
-	-	-	-	-	86,536	86,536
<u>\$ 15,202</u>	<u>\$ 964</u>	<u>\$ 54,438</u>	<u>\$ 799,542</u>	<u>\$ 1,524</u>	<u>\$ 280,197</u>	<u>\$ 1,841,802</u>
\$ -	\$ -	\$ -	\$ 2,131	\$ -	\$ 622	\$ 5,293
-	-	-	79,103	-	-	237,528
-	964	54,438	-	1,524	-	251,535
-	-	-	4,599	-	-	29,158
15,202	-	-	-	-	-	67,360
<u>15,202</u>	<u>964</u>	<u>54,438</u>	<u>85,833</u>	<u>1,524</u>	<u>622</u>	<u>590,874</u>
-	-	-	-	-	-	257,644
-	-	-	713,709	-	-	713,709
-	-	-	-	-	279,575	279,575
-	-	-	713,709	-	279,575	1,250,928
<u>\$ 15,202</u>	<u>\$ 964</u>	<u>\$ 54,438</u>	<u>\$ 799,542</u>	<u>\$ 1,524</u>	<u>\$ 280,197</u>	<u>\$ 1,841,802</u>

PEASTER INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ -	\$ 98,215	\$ -	\$ -
5800	State Program Revenues	-	27,468	-	-
5900	Federal Program Revenues	103,519	907,223	-	27,466
5020	Total Revenues	103,519	1,032,906	-	27,466
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	103,519	-	-	27,466
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	775,262	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
Debt Service:					
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
6030	Total Expenditures	103,519	775,262	-	27,466
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	257,644	-	-
<b>OTHER FINANCING SOURCES (USES):</b>					
7913	Right-to-Use Leases	-	-	-	-
1200	Net Change in Fund Balance	-	257,644	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 257,644	\$ -	\$ -

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	283 ESSER-SUPP	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	3,904	-	-	-	-	-	-
231,027	737,158	-	10,000	1,072,692	12,764	126,502	-
231,027	741,062	-	10,000	1,072,692	12,764	126,502	-
231,027	632,491	-	-	94,378	12,764	126,502	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	55,418	-	-	978,314	-	-	-
-	31,691	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,060	-	10,000	-	-	-	-
-	18,402	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
231,027	741,062	-	10,000	1,072,692	12,764	126,502	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PEASTER INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes		364 SSA - IDEA B Formula ARP Act	365 SSA - IDEA B Preschool ARP Act	397 Advanced Placement Incentives	410 State Instructional Materials
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	65,149
5900	Federal Program Revenues	39,573	-	-	-
5020	Total Revenues	39,573	-	-	65,149
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	21,047	-	-	65,149
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	18,526	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
Debt Service:					
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
6030	Total Expenditures	39,573	-	-	65,149
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>					
7913	Right-to-Use Leases	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

429 High Quality Pre-K Program	434 SSA - SSVI Visually Impaired	435 SSA Regional Day School - Deaf	437 SSA Special Education	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 914,676	\$ 11,411	\$ 453,792	\$ 1,478,094
351	-	532,140	45,650	1,058	-	675,720
-	-	-	-	-	-	3,267,924
351	-	532,140	960,326	12,469	453,792	5,421,738
351	-	532,140	679,400	-	-	2,526,234
-	-	-	772	-	-	772
-	-	-	215,326	-	-	215,326
-	-	-	24,971	12,469	-	1,089,698
-	-	-	-	-	-	31,691
-	-	-	-	-	-	775,262
-	-	-	-	-	301,203	301,203
-	-	-	18,791	-	-	18,791
-	-	-	62,619	-	-	62,619
-	-	-	681	-	-	13,741
-	-	-	-	-	-	18,402
-	-	-	1,856	-	-	1,856
-	-	-	1,085	-	-	1,085
351	-	532,140	1,005,501	12,469	301,203	5,056,680
-	-	-	(45,175)	-	152,589	365,058
-	-	-	13,841	-	-	13,841
-	-	-	(31,334)	-	152,589	378,899
-	-	-	745,043	-	126,986	872,029
\$ -	\$ -	\$ -	\$ 713,709	\$ -	\$ 279,575	\$ 1,250,928

PEASTER INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2022

	816 Private Purpose Trust PCCSS	817 Private Purpose Trust Pilgrim	818 Private Purpose Trust Barker	819 Private Purpose Trust Waller
ASSETS				
Cash and Cash Equivalents	\$ 3,952	\$ 2	\$ 16,034	\$ 388
Investments - Current	-	5,713	234,580	309,743
Total Assets	<u>3,952</u>	<u>5,715</u>	<u>250,614</u>	<u>310,131</u>
NET POSITION				
Restricted for Other Purposes	3,952	5,715	250,614	310,131
Total Net Position	<u>\$ 3,952</u>	<u>\$ 5,715</u>	<u>\$ 250,614</u>	<u>\$ 310,131</u>

820 Private Purpose Trust ATPE	Total Private Purpose Trust Funds
\$ 37,343	\$ 57,719
-	550,036
37,343	607,755
37,343	607,755
\$ 37,343	\$ 607,755



PEASTER INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	816 Private Purpose Trust PCCSS	817 Private Purpose Trust Pilgrim	818 Private Purpose Trust Barker	819 Private Purpose Trust Waller
ADDITIONS:				
Earnings from Temporary Deposits	\$ 14	\$ 58	\$ 4,269	\$ 2,593
Contributions, Gifts and Donations	-	-	-	283
Total Additions	14	58	4,269	2,876
DEDUCTIONS:				
Other Deductions	2,000	1,500	16,000	21,204
Total Deductions	2,000	1,500	16,000	21,204
Change in Net Position	(1,986)	(1,442)	(11,731)	(18,328)
Net Position - July 1 (Beginning)	5,938	7,157	262,345	328,459
Net Position - June 30 (Ending)	\$ 3,952	\$ 5,715	\$ 250,614	\$ 310,131

820 Private Purpose Trust ATPE	Total Private Purpose Trust Funds
\$ 94	\$ 7,028
74,576	74,859
74,670	81,887
56,534	97,238
56,534	97,238
18,136	(15,351)
19,207	623,106
\$ 37,343	\$ 607,755

## **REQUIRED TEA SCHEDULES**

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2022

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
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	0.908900	0.410000	450,964,922
2022 (School year under audit)	0.872000	0.500000	566,631,792
1000 TOTALS			

(10) Beginning Balance 7/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2022
\$ 23,674	\$ -	\$ 47	\$ 11	\$ (137)	\$ 23,479
3,767	-	4	2	6	3,767
2,135	-	101	30	131	2,135
3,963	-	55	19	1	3,890
2,883	-	16	6	1	2,862
3,719	-	502	193	-	3,024
16,349	-	18,564	7,140	14,112	4,757
38,752	-	40,574	16,732	57,504	38,950
104,892	-	69,014	31,132	43,171	47,917
-	7,774,188	4,807,683	2,756,698	-	209,807
<u>\$ 200,134</u>	<u>\$ 7,774,188</u>	<u>\$ 4,936,560</u>	<u>\$ 2,811,963</u>	<u>\$ 114,789</u>	<u>\$ 340,588</u>

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 255,001	\$ 255,001	\$ 98,215	\$ (156,786)
5800 State Program Revenues	16,921	16,921	27,468	10,547
5900 Federal Program Revenues	226,503	476,503	907,223	430,720
5020 Total Revenues	498,425	748,425	1,032,906	284,481
EXPENDITURES:				
Current:				
0035 Food Services	553,122	803,122	775,262	27,860
6030 Total Expenditures	553,122	803,122	775,262	27,860
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,697)	(54,697)	257,644	312,341
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	54,697	54,697	-	(54,697)
1200 Net Change in Fund Balances	-	-	257,644	257,644
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 257,644	\$ 257,644

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 2,844,373	\$ 924,553
5800 State Program Revenues	84,796	84,796	108,393	23,597
5020 Total Revenues	2,004,616	2,004,616	2,952,766	948,150
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,180,000	1,180,000	1,180,000	-
0072 Interest on Long-Term Liabilities	667,248	1,006,063	1,006,063	-
0073 Bond Issuance Cost and Fees	6,000	6,000	2,640	3,360
6030 Total Expenditures	1,853,248	2,192,063	2,188,703	3,360
1200 Net Change in Fund Balances	151,368	(187,447)	764,063	951,510
0100 Fund Balance - July 1 (Beginning)	2,130,779	2,130,779	2,130,779	-
3000 Fund Balance - June 30 (Ending)	\$ 2,282,147	\$ 1,943,332	\$ 2,894,842	\$ 951,510

PEASTER INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2022

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**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.	\$628,628
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$1,630,987

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**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.	\$22,521
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$25,607

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**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 20, 2022

### **Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

**To the Board of Trustees  
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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Peaster Independent School District, as of and for the year ended June 30, 2022, 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 20, 2022. The financial statements of Peaster Education Foundation Component Unit were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Peaster Education Foundation Component Unit.

#### **Report On 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of finding and questions costs as item 2022-001 that we consider to be significant deficiencies.

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

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## **Report On 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and questioned costs as item 2022-002.

## **Peaster ISD's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Peaster ISD's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Peaster ISD's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

## Certified Public Accountants

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October 20, 2022

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

##### ***Opinion on Each Major Federal Program***

We have audited Peaster Independent School District's compliance with the types of compliance requirements identified as subject to audit 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 year ended June 30, 2022. 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.

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 year ended June 30, 2022.

##### ***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Peaster Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Peaster Independent School District's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Peaster Independent School District's federal programs.

## *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Peaster Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Peaster Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Peaster Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Peaster Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Peaster Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs, as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Peaster Independent School District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs (not applicable if no noncompliance findings were identified). Peaster Independent School District's response (if applicable) was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 YEAR ENDED JUNE 30, 2022

#### 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.		Yes
(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.	Modified	
6.	Audit findings that are required to report under Uniform Guidance 2 CFR Section 200.516(a).		Yes
7.	Identification of programs tested as major programs: • <b>Child Nutrition Cluster</b> Child Nutrition Cluster – CFDA 10.553/10.555  • <b>Elementary and Secondary School Emergency Relief:</b> Cares Act ESSER II – CFDA 84.425D Cares Act ESSER III – CFDA 84.425U		
8.	Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000	
9.	District qualified as a low-risk auditee.	Yes	

**PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**Finding 2022-001:**

a.	Condition:	Cash in Bank account balances were not reconciled as of June 30, 2022.
b.	Criteria:	Proper internal controls over cash require monthly bank reconciliations to identify all sources and uses of cash have been properly accounted for.
c.	Cause:	The ASCENDER software caused major problems in the reconciliation process after the District changed financial institutions maintaining cash during the current year.
d.	Effect:	The failure to reconcile required audit adjustments to cash that were material to the financial statements.
e.	Recommendation:	Now that the reconciliations have been completed through June 30, 2022, the District should return to the procedures prior to the change in banks to reconciliation of all accounts on a timely and monthly basis.
f.	District Response:	The District will immediately resume the process of monthly bank reconciliations of all accounts on a timely basis.

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

**Finding 2022-002:**

a.	Condition:	The child nutrition program had an excess cash balance as of June 30, 2022, of \$137,778
b.	Criteria:	Cash balances can only be maintained up to 3 months average food service spending for the current year.
c.	Cause:	Cash balances were greater than the 3 month average spending balance of \$165,870 by \$137,778.
d.	Effect:	Violation of cash balances over allowable balance at year end.
e.	Recommendation:	The District should evaluate all aspects and needs of the food service program including personnel, equipment such as stoves, freezers, etc. and determine the best and legally proper use of the excess funds.
f.	District Response:	The District will evaluate all aspects and needs of the food service program including personnel, equipment such as stoves, freezers, etc. and determine the best and legally proper use of the excess funds.



# Peaster Independent School District

PO Box 129  
Peaster, TX 76485

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

## **SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2022**

**Finding 2021-001: There were no prior year audit findings.**

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## **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2022**

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 2022-001:**

N/A. The District has returned to the process of reconciliations of cash on a monthly basis after receiving outside assistance in overcoming the reconciliation discrepancies encountered in the ASCENDER software from trying to reconcile each cash account that the software was combining as though only one account existed..

### **The corrective action for Finding 2022-002:**

The District will evaluate all aspects and needs of the food service program including personnel, equipment such as stoves, freezers, etc. and determine the best and legally proper use of the excess funds.

PEASTER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

(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 Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101184908	\$ 103,519
*SSA - IDEA - Part B, Formula	84.027	226600011849086000	1,072,692
*SSA - IDEA - Part B, Discretionary	84.027	226600111849086000	126,502
Total Assistance Listing Number 84.027			<u>1,199,194</u>
*SSA - IDEA,B,Formula - American Rescue Plan Act	84.391	225350011849085350	39,573
*SSA - IDEA - Part B, Preschool	84.173	226600111849086000	12,764
Total Special Education Cluster (IDEA)			<u>1,251,531</u>
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501184908	27,466
Elementary Secondary School Emergency Relief II	84.425D	21521001184908	231,027
ESSER III - ARP School Emergency Relief	84.425U	21528001184908	737,158
Total Assistance Listing Number 84.425			<u>968,185</u>
ESEA, Title IV, Part A	84.424A	22680101184908	10,000
Total Passed Through Texas Education Agency			<u>2,360,701</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>2,360,701</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402201	145,874
*National School Lunch Program - Cash Assistance	10.555	71302201	714,730
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302201	46,619
Total Assistance Listing Number 10.555			<u>761,349</u>
Total Child Nutrition Cluster			<u>907,223</u>
Total Passed Through the Texas Department of Agriculture			<u>907,223</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>907,223</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 3,267,924</u>

\*Clustered Programs

Non-Grant federal program revenue for the current yer included SHARS' receipts of \$110,133, MAC receipts of \$0, and Vendor Direct Federal Receipts of \$0. The District did not make payments to sub-recipients during the current year.

**PEASTER INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

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>3,378,057</u>
School Health & Related Services (SHARS) & (ERATE) Reimbursement not reported to the SEFA	\$ <u>110,133</u>
Total federal expenditures on Exhibit K-1	\$ <u>3,267,924</u>

# SCHOOLS FIRST QUESTIONNAIRE

Peaster Independent School District

Fiscal Year 2022

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	Yes
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$354,834