

**SABINE  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

## Introductory Section

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Sabine Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2021

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CERTIFICATE OF BOARD

Sabine Independent School District  
Name of School District

Gregg  
County

092-906  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_approved \_\_\_\_\_disapproved for the year ended June 30, 2021, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

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

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):  
(attach list as necessary)

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## Financial Section

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# KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Karen A. Jacks, CPA, CGMA  
Peggy J. Lantz, CPA

Chanie A. Johnson, CPA

## **Independent Auditors' Report**

To the Board of Trustees  
Sabine Independent School District  
5424 FM 1252 W  
Gladewater, Texas 75647

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sabine Independent School District ("the District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

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 Sabine Independent School District as of June 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sabine Independent School District's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2021 on our consideration of Sabine 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 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 Sabine Independent School District's internal control over financial reporting and compliance.

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.

Longview, Texas  
November 2, 2021



**SABINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

In this section of the Annual Financial Report, we, the managers of Sabine Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the Independent Auditors' Report on page 9, and the District's Basic Financial Statements that begin on page 20.

In the June 30, 2018 fiscal year, the District implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The implementation of this statement required a restatement of prior period net position related to the District's estimated proportionate share of the State's estimated future costs under Teacher Retirement System of Texas (TRS) retiree healthcare program, TRS-Care. The restatement increased long-term assets, increased long-term liabilities and decreased net position by \$9,101,886. This follows the implementation in 2014-15 of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which lowered net position by \$1,020,796 to record the District's estimated proportionate share of the State of Texas' estimated future costs under the TRS pension program.

The effects of these prior year restatements, and the significant annual adjustments the Statements require, result in Government-wide financial statements that do not allow stakeholders to properly assess the educational programs and operating results of the District. The Management Discussion and Analysis therefore will distinguish between the District's operational activities and the effects of these GASB accounting pronouncements related to pensions and OPEB.

**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 (on pages 20 and 21). These provide information about the activities of the District as a whole and present a longer-term view of the District's property 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 (starting on page 22) 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. The remaining statement, a fiduciary statement, provides 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 (starting on page 30) 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 section labeled Other Supplementary Information contains 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 on page 20. 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.

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

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 of 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 it. The District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) provides 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, the District has two types of activities:

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

**Fiduciary Activities** – The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements***

The fund financial statements begin on page 22 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 Every Student Succeeds 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 (such as campus activities). The District's governmental funds are described below:

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

## **THE DISTRICT AS TRUSTEE**

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

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position on page 28. We exclude these resources from the

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

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**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$4,999,988 to \$6,652,118. Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) was \$(1,789,309) at June 30, 2021. The change in net position from District operations was \$1,826,659. That was offset by the net of \$(174,529) for current year adjustments related to pension and postemployment benefits reporting requirements

**Table I**  
**SABINE INDEPENDENT SCHOOL DISTRICT**  
**NET POSITION**

	<b><u>Governmental Activities</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Net Position Exclusive of Adjustments for Pensions and OPEB</b>		
<b>Assets</b>		
Current Assets	\$ 11,802,267	\$ 9,637,853
Capital Assets	24,412,106	25,013,297
Total Assets	<u>36,214,373</u>	<u>34,651,150</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows	1,555,481	-
Total Deferred Outflows of Resources	<u>1,555,481</u>	<u>-</u>
<b>Liabilities</b>		
Current Liabilities	1,497,844	1,596,718
Noncurrent Liabilities	19,540,196	18,149,277
Total Liabilities	<u>21,038,040</u>	<u>19,745,995</u>
<b>Net Position:</b>		
Invested in Capital Assets	6,427,391	6,864,020
Restricted	2,014,036	1,383,164
Unrestricted	8,290,387	6,657,971
Total Net Position Exclusive of Adjustments for Pensions and OPEB	<u>\$16,731,814</u>	<u>\$14,905,155</u>
<b>Net Position Related to Pensions and OPEB</b>		
<b>Deferred Outflows of Resources</b>		
Deferred Outflows	\$ 2,584,792	\$ 2,469,239
Total Deferred Outflows of Resources	<u>2,584,792</u>	<u>2,469,239</u>
<b>Liabilities</b>		
Noncurrent Liabilities	8,374,120	9,125,542
Total Liabilities	<u>8,374,120</u>	<u>9,125,542</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows	4,290,368	3,248,864
Total Deferred Inflows of Resources	<u>4,290,368</u>	<u>3,248,864</u>
<b>Net Position:</b>		
Unrestricted	(10,079,696)	(9,905,167)
Total Net Position related to Pensions and OPEB	<u>\$(10,079,696)</u>	<u>\$(9,905,167)</u>
<b>Total Net Position:</b>		
Invested in Capital Assets	6,427,391	6,864,020
Restricted	2,014,036	1,433,164
Unrestricted	(1,789,309)	(3,297,196)
Total Net Position	<u>\$ 6,652,118</u>	<u>\$ 4,999,988</u>

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

Approximately 14% of the District's restricted net position represents proceeds from the member districts of the Gregg County Special Education Shared Services Arrangement. These proceeds, when spent, are restricted for expenses of the shared services arrangement (SSA). The balance of restricted net position represents funds restricted for other local, State, and federal programs. The \$8.3 million of unrestricted net position exclusive of adjustments for pensions and OPEB represents resources available to fund the programs of the District next year.

Current year adjustments to net pension and OPEB increased the liability balances by \$290,082.

**Table II**  
**SABINE INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**

**Changes in Net Position Exclusive of Adjustments for Pensions and OPEB**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Program Revenues:		
Charges for Services	\$ 1,676,149	\$ 1,648,343
Operating Grants and Contributions	2,810,679	2,769,337
General Revenues:		
Maintenance and Operations Taxes	4,190,019	3,952,329
Debt Service Taxes	1,117,130	1,067,688
State Aid - Formula Grants	10,103,657	9,351,894
Investment Earnings and Miscellaneous	265,191	195,103
Total Revenues	<u>20,162,825</u>	<u>18,984,694</u>
<b>Expenses:</b>		
Instruction, Curriculum and Media Services	9,913,445	8,840,251
Instructional and School Leadership	1,343,622	1,279,034
Student Support	3,537,050	3,392,246
General Administration	655,247	572,346
Plant Maintenance, Security and Data Processing	1,759,142	1,614,804
Community Services	9,038	5,459
Long-term Debt	653,711	778,821
Shared Service Arrangements and Other Governmental Charges	464,911	397,159
Total Expenses	<u>18,336,166</u>	<u>16,880,120</u>
<b>Change in Net Position</b>	1,826,659	2,104,574
Prior Period Adjustment	-	25,727
<b>Net Position at Beginning of Year</b>	<u>14,905,155</u>	<u>12,774,854</u>
<b>Net Position at End of Year</b>	<u>\$ 16,731,814</u>	<u>\$14,905,155</u>

**Changes in Net Position Related to Pensions and OPEB**

	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Program Revenues:		
Operating Grants and Contributions	\$ 162,703	\$ 562,025
Total Revenues	<u>162,703</u>	<u>562,025</u>
<b>Expenses:</b>		
Instruction, Curriculum and Media Services	211,126	697,740
Instructional and School Leadership	31,252	103,335
Student Support	65,576	217,579
General Administration	12,593	45,599
Plant Maintenance, Security and Data Processing	16,685	52,350
Total Expenses	<u>337,232</u>	<u>1,116,603</u>
<b>Change in Net Position</b>	<u>(174,529)</u>	<u>(554,578)</u>
<b>Net Position at Beginning of Year</b>	<u>(9,905,167)</u>	<u>(9,350,589)</u>
<b>Net Position at End of Year</b>	<u>\$(10,079,696)</u>	<u>\$(9,905,167)</u>

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
<b>Total Change in Net Position</b>		
Program Revenues	\$ 4,649,531	\$ 4,979,705
General Revenues	15,675,997	14,567,014
Total Expenses	<u>(18,673,398)</u>	<u>(17,996,723)</u>
Changes in Net Position	1,652,130	1,549,996
Prior Period Adjustment	-	25,727
Beginning Net Position	<u>4,999,988</u>	<u>3,424,265</u>
Ending Net Position	<u>\$ 6,652,118</u>	<u>\$ 4,999,988</u>

Exclusive of adjustments for pension and OPEB, the District's total revenues increased approximately 6% for the year, while the total cost of all programs and services increased approximately 9%.

Although the District's total revenues showed a net increase of approximately 4%, charges for services increased 2%, operating grants and contributions decreased 11%, maintenance and operations taxes increased 6%, debt service taxes increased 5%, State aid – formula grants increased 8%, and miscellaneous revenues increased 82%. The significant factors for these variances are explained as follows:

Charges for services increased \$27,806 from 2020 because of a variety of reasons.

Maintenance and operations taxes increased by \$237,690 mainly due better collections of taxes, penalties, and interest than in 2020.

State revenues increased \$751,763 from 2020. The State foundation revenue increased due to the changes in funding formulas at the State level and an increase in attendance of some of the special populations, providing the district more funding.

Miscellaneous revenues increased \$102,941 from 2020. This was mainly due to an increase in donations and insurance recoveries in 2021.

The adjustments made for pension and OPEB for the requirements of GASB statements 68 and 75 during the year resulted in revenue of \$162,703 and expenses of \$337,232.

Exclusive of adjustments for pension and OPEB, the cost of all governmental activities this year was \$18,336,166. However, as shown in the Statement of Activities on page 21, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$5,307,149 because some of the costs were paid by those who directly benefited from the programs (\$1,676,149) or by other governments and organizations that subsidized certain programs with grants and contributions (\$13,179,527).

### **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 22) reported a combined fund balance of \$9,936,617, which is above last year's total of \$7,896,365. Included in this year's total change in fund balance is an increase of \$1,591,546 in the District's General Fund, an increase in the fund balance of the Debt Service Fund of \$320,413, and an increase of the fund balance in the Capital Projects Fund of \$253. The increase in the remaining non-major special revenue funds was a net of \$128,040.

The increase in the General Fund's fund balance was due mainly to an increase in revenues of \$942,273 reduced by a net increase in various expenditures of \$1,359,347. The restricted fund balance in the Debt Service Fund,

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

which is set aside for payments related to the 2013 bond issue and the 2020 refunding issue, increased due to a rise in tax and State funding. The restricted fund balance in the Capital Projects Fund, which is set aside for the construction, completion, and furnishing of the new elementary campus, increased due to interest earned on investments.

Over the course of the year, the Board of Trustees revised the District's budgeted revenues and expenditures several times. These budget amendments were mainly adjusting the tax and State revenues, adding appropriations related to donations for the athletic program, decreasing payroll-related appropriations, and minor adjustments involving moving of funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. The net increase in budgeted revenues was \$633,741. Tax revenue increased by \$197,000 due to increased current and delinquent collections. The State revenue received increased by \$674,570, which was caused by the student attendance rising and the additional State aid compensating for the lost tax revenue. The budgeted federal revenue was related to an increase in the SHARS revenue received for services performed with Medicaid-eligible students and indirect costs on a federal grant. Overall, the budgeted expenditures decreased by \$295,094 in the General Fund as noted in Exhibit C-4. This net decrease was mainly caused by some set-aside funds not being spent and many student activities cancelled throughout the year due to the COVID pandemic.

**CAPITAL ASSET ADMINISTRATION**

**Capital Assets**

At the end of 2021, the District had \$38,701,369 invested in a broad range of capital assets, including facilities, and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$305,074 or approximately 1%.

This year's major changes were various equipment purchases, a roofing project, and repaving of a parking lot.

**UNCERTAINTY**

The outbreak in 2020 of COVID-19, a respiratory disease caused by several strains of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas.

The District continues to monitor the impact of COVID-19 on the attendance and learning loss of students. The District is working with local, State, and federal agencies to address the potential impact of the Pandemic upon the District. The federal government has provided financial assistance to local education agencies in the form of grants. Most of the grants are focused on either mitigating the spread of the viruses or addressing the learning loss facing many of the students in the District and across the country. The District has applied for several of the grants that will be expended in the upcoming fiscal years, including ESSER III (\$1,447,041), ESSER II (\$644,315), and TCLAS (\$94,207). The District may have additional opportunities in the future to apply for entitlement or competitive grants to continue to address financial needs identified as a result of the Pandemic. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the District. Additionally, State funding of District operations and maintenance in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic as well as ongoing disruptions in the global oil markets.

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected officials and administration considered many factors when setting the 2022 fiscal year budgets and tax rates. The bond payments of \$921,730 that will be paid from the Debt Service Fund is less than the payment in 2021. The student population and attendance is expected to increase slightly from 2021. Amounts available for appropriation in the General Fund budget are \$14,610,822, an increase of 6% from the final 2021 budget of \$13,835,343.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Sabine Independent School District, 5424 FM 1252 W, Gladewater, TX 75647.

## Basic Financial Statements



**SABINE INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2021

Data Control Codes		1	Governmental Activities
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$	7,976,573
1225	Property Taxes Receivable (Net)		494,263
1240	Due from Other Governments		3,286,290
1290	Other Receivables (Net)		909
1300	Inventories		21,850
1410	Unrealized Expenses		22,382
Capital Assets:			
1510	Land		1,102,065
1520	Buildings and Improvements, Net		22,616,327
1530	Furniture and Equipment, Net		681,235
1580	Construction in Progress		12,479
1000	Total Assets		<u>36,214,373</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
	Deferred Outflow of Resources - Loss on Defeasance of Debt		1,555,481
	Deferred Outflow Related to Pensions		1,417,180
	Deferred Outflow Related to OPEB		1,167,612
1700	Total Deferred Outflows of Resources		<u>4,140,273</u>
<b>LIABILITIES:</b>			
2110	Accounts Payable		35,403
2140	Interest Payable		126,456
2165	Accrued Liabilities		1,313,231
2180	Due to Other Governments		17,539
2300	Unearned Revenue		5,215
Noncurrent Liabilities:			
2501	Due Within One Year		625,298
2502	Due in More Than One Year		18,914,898
2540	Net Pension Liability		3,574,678
2545	Net OPEB Liability		4,799,442
2000	Total Liabilities		<u>29,412,160</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
	Deferred Inflow Related to Pensions		666,645
	Deferred Inflow Related to OPEB		3,623,723
2600	Total Deferred Inflows of Resources		<u>4,290,368</u>
<b>NET POSITION:</b>			
3200	Net Investment in Capital Assets		6,427,391
Restricted For:			
3820	State and Federal Programs		183,732
3850	Debt Service		1,291,181
3860	Capital Projects		147,115
3870	Campus Activities		105,882
3890	Other Purposes		286,126
3900	Unrestricted		(1,789,309)
3000	Total Net Position	\$	<u>6,652,118</u>

The accompanying notes are an integral part of this statement.

**SABINE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

		1	3	4	Net (Expense) Revenue and Changes in Net Position
Data Control Codes	Functions/Programs		Program Revenues		
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 9,840,995	\$ 734,029	\$ 1,588,518	\$ (7,518,448)
12	Instructional Resources and Media Services	249,619	--	9,937	(239,682)
13	Curriculum and Staff Development	33,957	727	23,279	(9,951)
21	Instructional Leadership	413,095	230,550	27,700	(154,845)
23	School Leadership	961,779	--	64,539	(897,240)
31	Guidance, Counseling, & Evaluation Services	1,049,825	277,670	478,893	(293,262)
33	Health Services	141,536	--	29,082	(112,454)
34	Student Transportation	415,456	--	20,245	(395,211)
35	Food Service	859,003	266,963	543,464	(48,576)
36	Cocurricular/Extracurricular Activities	1,136,806	109,726	36,430	(990,650)
41	General Administration	667,840	33,067	32,137	(602,636)
51	Facilities Maintenance and Operations	1,552,968	12,157	54,076	(1,486,735)
52	Security and Monitoring Services	125,003	--	3,023	(121,980)
53	Data Processing Services	97,856	10,763	4,907	(82,186)
61	Community Services	9,038	--	--	(9,038)
72	Interest on Long-term Debt	334,833	--	--	(334,833)
73	Bond Issuance Costs and Fees	318,878	--	--	(318,878)
93	Payments Related to Shared Services Arrangements	394,735	497	57,152	(337,086)
99	Other Intergovernmental Charges	70,176	--	--	(70,176)
TG	Total Governmental Activities	18,673,398	1,676,149	2,973,382	(14,023,867)
TP	Total Primary Government	\$ 18,673,398	\$ 1,676,149	\$ 2,973,382	(14,023,867)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				4,190,019
DT	Property Taxes, Levied for Debt Service				1,117,130
IE	Investment Earnings				37,268
GC	Grants and Contributions Not Restricted to Specific Programs				10,103,657
MI	Miscellaneous				227,923
TR	Total General Revenues				15,675,997
CN	Change in Net Position				1,652,130
NB	Net Position - Beginning				4,999,988
NE	Net Position - Ending				\$ 6,652,118

The accompanying notes are an integral part of this statement.

**SABINE INDEPENDENT SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 5,820,535	\$ 1,318,526	\$ 837,512	\$ 7,976,573
1225 Taxes Receivable, Net	398,217	96,046	--	494,263
1240 Due from Other Governments	3,115,777	3,064	167,449	3,286,290
1260 Due from Other Funds	7,897	--	--	7,897
1290 Other Receivables	909	--	--	909
1300 Inventories	3,859	--	17,991	21,850
1410 Unrealized Expenditures	22,382	--	--	22,382
1000 Total Assets	<u>9,369,576</u>	<u>1,417,636</u>	<u>1,022,952</u>	<u>11,810,164</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 34,452	\$ --	\$ 951	\$ 35,403
2150 Payroll Deductions & Withholdings	1,028	--	--	1,028
2160 Accrued Wages Payable	980,057	--	249,689	1,229,746
2170 Due to Other Funds	--	--	7,897	7,897
2180 Due to Other Governments	4,755	--	12,784	17,539
2200 Accrued Expenditures	58,896	--	23,561	82,457
2300 Unearned Revenue	--	--	5,215	5,215
2000 Total Liabilities	<u>1,079,188</u>	<u>--</u>	<u>300,097</u>	<u>1,379,285</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Revenue	398,217	96,045	--	494,262
2600 Total Deferred Inflows of Resources	<u>398,217</u>	<u>96,045</u>	<u>--</u>	<u>494,262</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410 Inventories	3,859	--	17,991	21,850
3430 Prepaid Items	22,382	--	--	22,382
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	165,741	165,741
3480 Retirement of Long-Term Debt	--	1,321,591	--	1,321,591
3490 Other Restrictions of Fund Balance	--	--	433,241	433,241
Committed Fund Balances:				
3545 Other Committed Fund Balance	--	--	105,882	105,882
3600 Unassigned	7,865,930	--	--	7,865,930
3000 Total Fund Balances	<u>7,892,171</u>	<u>1,321,591</u>	<u>722,855</u>	<u>9,936,617</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 9,369,576</u>	<u>\$ 1,417,636</u>	<u>\$ 1,022,952</u>	<u>\$ 11,810,164</u>

The accompanying notes are an integral part of this statement.

**SABINE INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Total fund balances - governmental funds balance sheet	\$ 9,936,617
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	24,412,106
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	494,262
Payables for bond principal which are not due in the current period are not reported in the funds.	(17,279,994)
Payables for bond interest which are not due in the current period are not reported in the funds.	(126,456)
Payables for notes which are not due in the current period are not reported in the funds.	(151,151)
Loss on defeasance of debt is not reported in the funds.	1,555,481
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(3,574,678)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(666,645)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,417,180
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(88,010)
Bond premiums are amortized in the SNA but not in the funds.	(2,021,041)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(4,799,442)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(3,623,723)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	1,167,612
Net position of governmental activities - Statement of Net Position	\$ <u>6,652,118</u>

The accompanying notes are an integral part of this statement.

**SABINE INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 4,441,241	\$ 1,125,570	\$ 1,492,378	\$ 7,059,189
5800 State Program Revenues	10,678,593	142,133	226,587	11,047,313
5900 Federal Program Revenues	146,502	--	1,856,442	2,002,944
5020 Total Revenues	<u>15,266,336</u>	<u>1,267,703</u>	<u>3,575,407</u>	<u>20,109,446</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	7,715,582	--	1,493,778	9,209,360
0012 Instructional Resources and Media Services	200,553	--	563	201,116
0013 Curriculum and Staff Development	9,952	--	24,005	33,957
0021 Instructional Leadership	128,042	--	275,659	403,701
0023 School Leadership	895,641	--	2,960	898,601
0031 Guidance, Counseling, & Evaluation Services	308,785	--	706,223	1,015,008
0033 Health Services	138,120	--	614	138,734
0034 Student Transportation	363,570	--	--	363,570
0035 Food Service	--	--	763,725	763,725
0036 Cocurricular/Extracurricular Activities	913,877	--	53,769	967,646
0041 General Administration	622,313	--	32,877	655,190
0051 Facilities Maintenance and Operations	1,446,814	--	20,937	1,467,751
0052 Security and Monitoring Services	103,001	--	--	103,001
0053 Data Processing Services	85,899	--	10,701	96,600
0061 Community Services	8,884	--	--	8,884
0071 Principal on Long-term Debt	40,198	450,000	--	490,198
0072 Interest on Long-term Debt	442	503,885	--	504,327
0073 Bond Issuance Costs and Fees	--	270,269	--	270,269
0081 Capital Outlay	289,509	--	--	289,509
0093 Payments to Shared Service Arrangements	333,432	--	61,303	394,735
0099 Other Intergovernmental Charges	70,176	--	--	70,176
6030 Total Expenditures	<u>13,674,790</u>	<u>1,224,154</u>	<u>3,447,114</u>	<u>18,346,058</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>1,591,546</u>	<u>43,549</u>	<u>128,293</u>	<u>1,763,388</u>
Other Financing Sources and (Uses):				
7901 Capital-Related Bonds Issued (Refunding Bonds)	--	16,769,994	--	16,769,994
7916 Premium on Issuance of Bonds	--	2,097,368	--	2,097,368
8940 Payment to Bond Refunding Escrow Agent	--	(18,590,498)	--	(18,590,498)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>276,864</u>	<u>--</u>	<u>276,864</u>
1200 Net Change in Fund Balances	<u>1,591,546</u>	<u>320,413</u>	<u>128,293</u>	<u>2,040,252</u>
0100 Fund Balances - Beginning	6,300,625	1,001,178	594,562	7,896,365
3000 Fund Balances - Ending	<u>\$ 7,892,171</u>	<u>\$ 1,321,591</u>	<u>\$ 722,855</u>	<u>\$ 9,936,617</u>

The accompanying notes are an integral part of this statement.

**SABINE INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$ 2,040,252
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	305,074
The depreciation of capital assets used in governmental activities is not reported in the funds.	(906,265)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	53,379
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	450,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	40,198
The accretion of interest on capital appreciation bonds is not reported in the funds.	(88,010)
(Increase) decrease in accrued interest from beginning of period to end of period.	169,658
Repayment of bond principal to defease outstanding bonds.	16,785,000
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(16,769,994)
Bond premiums are reported in the funds but not in the SOA.	(2,097,368)
Loss on defeasance of debt is amortized in the SOA but not in the funds.	(48,609)
Premium on refunding is amortized in the SOA but not in the funds.	289,254
Loss on debt defeasance is reported in the SOA but not in the funds.	1,604,090
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	319,079
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(369,218)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(243,363)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	100,029
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	(604,484)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	623,428
Change in net position of governmental activities - Statement of Activities	\$ <u>1,652,130</u>

The accompanying notes are an integral part of this statement.

**SABINE INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

**EXHIBIT C-4**

Page 1 of 2

Data Control Codes		1	2	3	Variance with
		Budgeted Amounts		Actual	Final Budget Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 4,094,678	\$ 4,428,491	\$ 4,441,241	\$ 12,750
5800	State Program Revenues	10,425,803	10,699,150	10,678,593	(20,557)
5900	Federal Program Revenues	125,000	151,581	146,502	(5,079)
5020	Total Revenues	14,645,481	15,279,222	15,266,336	(12,886)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	7,988,469	7,796,135	7,715,582	80,553
0012	Instructional Resources and Media Services	218,690	205,376	200,553	4,823
0013	Curriculum and Staff Development	45,331	13,516	9,952	3,564
	Total Instruction & Instr. Related Services	8,252,490	8,015,027	7,926,087	88,940
Instructional and School Leadership:					
0021	Instructional Leadership	137,291	129,791	128,042	1,749
0023	School Leadership	891,677	903,140	895,641	7,499
	Total Instructional & School Leadership	1,028,968	1,032,931	1,023,683	9,248
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	311,314	313,513	308,785	4,728
0033	Health Services	113,735	140,833	138,120	2,713
0034	Student (Pupil) Transportation	375,955	367,684	363,570	4,114
0036	Cocurricular/Extracurricular Activities	1,049,169	925,511	913,877	11,634
	Total Support Services - Student (Pupil)	1,850,173	1,747,541	1,724,352	23,189
Administrative Support Services:					
0041	General Administration	644,312	631,287	622,313	8,974
	Total Administrative Support Services	644,312	631,287	622,313	8,974
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,600,469	1,457,809	1,446,814	10,995
0052	Security and Monitoring Services	92,781	111,115	103,001	8,114
0053	Data Processing Services	85,604	88,104	85,899	2,205
	Total Support Services - Nonstudent Based	1,778,854	1,657,028	1,635,714	21,314
Ancillary Services:					
0061	Community Services	8,000	9,250	8,884	366
	Total Ancillary Services	8,000	9,250	8,884	366
Debt Service:					
0071	Principal on Long-Term Debt	40,198	40,198	40,198	--
0072	Interest on Long-Term Debt	442	442	442	--
	Total Debt Service	40,640	40,640	40,640	--
Capital Outlay:					
0081	Capital Outlay	110,400	298,030	289,509	8,521
	Total Capital Outlay	110,400	298,030	289,509	8,521

**SABINE INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

**EXHIBIT C-4**

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive
		Original	Final		(Negative)
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	336,600	333,432	333,432	--
0099	Other Intergovernmental Charges	80,000	70,177	70,176	1
	Total Intergovernmental Charges	416,600	403,609	403,608	1
6030	Total Expenditures	14,130,437	13,835,343	13,674,790	160,553
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	515,044	1,443,879	1,591,546	147,667
1200	Net Change in Fund Balance	515,044	1,443,879	1,591,546	147,667
0100	Fund Balance - Beginning	6,300,625	6,300,625	6,300,625	--
3000	Fund Balance - Ending	\$ 6,815,669	\$ 7,744,504	\$ 7,892,171	\$ 147,667

The accompanying notes are an integral part of this statement.



**SABINE INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

JUNE 30, 2021

		Custodial Fund
Data Control Codes		Student Activity
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 119,378
1000	Total Assets	<u>119,378</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2000	Total Liabilities	<u>--</u>
<b>NET POSITION:</b>		
<b>Restricted For:</b>		
2190	Student Groups	119,378
3000	Total Net Position	<u>\$ 119,378</u>

The accompanying notes are an integral part of this statement.

**SABINE INDEPENDENT SCHOOL DISTRICT**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Funds
	Student Activity
<b>Additions:</b>	
Fundraising Activity	\$ 209,260
Total Additions	<u>209,260</u>
<b>Deductions:</b>	
Student Activities	202,050
Total Deductions	<u>202,050</u>
<b>Change in Net Position</b>	7,210
Net Position-Beginning of the Year	112,168
Net Position-End of the Year	<u>\$ 119,378</u>

The accompanying notes are an integral part of this statement.

# **SABINE INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2021**

#### **A. Summary of Significant Accounting Policies**

The basic financial statements of Sabine Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

##### **1. Reporting Entity**

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

##### **2. Basis of Presentation, Basis of Accounting**

###### **a. Basis of Presentation**

**Government-wide Financial Statements:** The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

**General Fund:** This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

**Debt Service Fund:** The District accounts for resources used to repay debt of the District in the Debt Service Fund.

In addition, the District reports the following fund types:

**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

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to the grantor at the close of specified project periods.

Capital Projects Fund: The fund is used to account for construction costs of the District's capital projects.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources on behalf of student groups.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Amounts

a. 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 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, 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 fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. At June 30, 2021, the District reported an allowance for uncollectible taxes of \$123,566.

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b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

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f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

4. 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.

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

6. Implementation of New Standards

*GASB Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

*GASB Statement No. 91, Conduit Debt Obligations*

This statement requires issuers of Conduit Debt Obligations to disclose general information organized by type of commitment, including the aggregate outstanding principal amount of the issuers' debt obligations and a

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description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

7. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective date for the following pronouncement is postponed by 18 months:

Statement No. 87, *Leases*

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At June 30, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,853,403 and the bank balance was \$5,007,313. The District's cash deposits at June 30, 2021 and during the year ended June 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	50-61 days	\$ 339,049
MBIA-Texas Class	52-81 days	2,900,513
Total Investments		<u>\$ 3,239,562</u>



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3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At June 30, 2021, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>
Lone Star Investment Pool	AAAm
MBIA-Texas Class	AAAm

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

# **SABINE INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2021**

#### **Public Funds Investment Pools**

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

#### **Lone Star Investment Pool**

The Lone Star Investment Pool (hereafter referred to as the Pool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the Investment Act). The investment objectives of the Pool, in order of priority, are preservation and safety of principal, liquidity, and yield.

The Pool seeks to maintain the safety of principal, while providing participating government entities (Participants) with the highest possible rate of return for invested funds. Participants in the Pool own pro rata interests in the underlying assets of the fund in which they participate. A Participant's sole source of payment from its investment in the Pool is the market value of such assets; although the Pool seeks to preserve the value of a Participant's investment, it is possible to lose money by investing in the Pool.

The District invests in the Corporate Overnight Fund. The Corporate Overnight Fund is designed for funds that may be required for immediate expenditure. The objectives of the Corporate Overnight Fund are, in order of importance:

1. An understanding of the suitability of the investment to the financial requirements of the Government Overnight Fund;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of each investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio;
6. And yield.

The Corporate Overnight Fund seeks to offer daily liquidity and seeks to maintain a net asset value of one dollar. The net asset value of the Corporate Overnight Fund is determined daily to ensure that the market value of the Fund's assets is maintained at one dollar. The dollar-weighted average maturity of the Corporate Overnight Fund is 60 days or fewer. The maximum stated maturity of each security acquired by the Corporate Overnight Fund is 13 months for fixed rate securities and 24 months for variable rate securities. Because of their short maturities, high quality, and minimal price fluctuations, securities in which the Corporate Overnight Fund invests are generally considered to be marketable and very liquid. Though the Corporate Overnight Fund may hold investments until they mature, it may periodically trade securities to take advantage of perceived disparities between markets for various categories of investments in an effort to increase returns. For liquidity purposes or to respond to unusual market conditions, the Corporate Overnight Fund may hold all or some of its total assets in cash as a temporary defensive measure, for purposes of assuring sufficient liquidity, or due to the lack of eligible investment securities.

#### **Texas CLASS**

The District invests in Texas CLASS, an investment option that utilizes all eligible investments as defined by the Public Funds Investment Act. The purpose of the Trust is to establish one or more investment funds through which a Participant may pool any of its funds or funds under its control in order to preserve the principal, to maintain the

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liquidity of the participant, and to maximize yield in accordance with the Public Funds Investment Act (the Act), Section 2256.01, et seq., Texas Government Code, or other laws of the state of Texas, from time-to-time in effect, governing the investment of funds of a Participant or funds under its control. The Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds.

Texas CLASS may invest in any or all of the legal investments specified in Sections through 2256.016 of the Act. Such investments may include the following:

1. U.S. Treasury Bills, Notes, and Bonds
2. Obligations of or guaranteed by U.S. Government Agencies and Instrumentalities
3. State and local government obligations (subject to limitation)
4. Certificates of Deposits of a state or national bank domiciled in the state of Texas guaranteed or insured by the FDIC that meet the requirements of the Act.
5. Banker's agreements
6. Mutual funds
7. Repurchase agreements
8. Highly rated commercial paper
9. Guaranteed investment contracts

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,102,065	\$ --	\$ --	\$ 1,102,065
Construction in progress	--	12,479	--	12,479
Total capital assets not being depreciated	1,102,065	12,479	--	1,114,544
Capital assets being depreciated:				
Buildings and improvements	34,441,431	277,030	--	34,718,461
Equipment*	1,373,521	15,565	--	1,389,086
Vehicles*	1,479,278	--	--	1,479,278
Total capital assets being depreciated	37,294,230	292,595	--	37,586,825
Less accumulated depreciation for:				
Buildings and improvements**	(11,322,279)	(779,855)	--	(12,102,134)
Equipment**	(917,028)	(82,036)	--	(999,064)
Vehicles**	(1,143,691)	(44,374)	--	(1,188,065)
Total accumulated depreciation	(13,382,998)	(906,265)	--	(14,289,263)
Total capital assets being depreciated, net	23,911,232	(613,670)	--	23,297,562
Governmental activities capital assets, net	\$ 25,013,297	\$ (601,191)	\$ --	\$ 24,412,106

\*The beginning asset balances for equipment and vehicles have been restated to show a reclassification between them.

\*\*The beginning accumulated depreciation balances have been restated to show a reclassification between them.

Depreciation was charged to functions as follows:

Instruction	\$ 438,702
Instructional Resources and Media Services	45,875
Instructional Leadership	930
School Leadership	40,390
Guidance, Counseling, & Evaluation Services	5,228
Health Services	219
Student Transportation	46,032

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Food Services	81,337
Extracurricular Activities	155,551
General Administration	57
Plant Maintenance and Operations	70,559
Security and Monitoring Services	21,231
Community Services	154
	<u>\$ 906,265</u>

**D. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at June 30, 2021 consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 7,897	grant reimbursements
	Total	<u>\$ 7,897</u>	

All amounts due are scheduled to be repaid within one year.

**E. Long-Term Obligations**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

**1. Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 17,745,000	\$ 16,769,994	\$ 17,235,000	\$ 17,279,994	\$ 585,000
Notes payable	191,350	--	40,199	151,151	40,298
Unamortized bond premium	212,928	2,097,368	289,255	2,021,041	--
Accreted interest on CABs	--	88,010	--	88,010	--
Unamortized loss on defeasance of debt	--	(1,604,090)	(48,609)	(1,555,481)	--
Net Pension Liability*	3,606,703	243,363	275,388	3,574,678	--
Net OPEB Liability*	5,518,839	(623,436)	95,961	4,799,442	--
Total governmental activities	<u>\$ 27,274,820</u>	<u>\$ 16,971,209</u>	<u>\$ 17,887,194</u>	<u>\$ 26,358,835</u>	<u>\$ 625,298</u>

\*Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>
Net Pension Liability*	Governmental
Net OPEB Liability*	Governmental

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2. Notes Payable

Local Government Code Section 271.005 gives the District the authority to enter into installment agreements for the purchase of personal property.

The following is a summary of notes payable outstanding at June 30, 2021:

<u>Purpose:</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount</u>
Governmental Activities - Capital purchases	0.25%	2/28/2025	\$ 151,151

3. Bonds Payable

Bonds payable currently outstanding are as follows:

<u>Name:</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount</u>
Series 2013 Unlimited Tax School Building Bonds	4.00 - 5.00%	2/15/2043	\$ 670,000
Series 2020 Unlimited Tax Refunding Bonds	0.24 - 2.41%	2/15/2043	16,595,000
Series 2020 Unlimited Tax Refunding Bonds-Capital Appreciation	0.00%	2/15/2030	14,994
			<u>\$ 17,279,994</u>

4. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2021 are as follows:

Year Ending June 30,	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2022	\$ 585,000	\$ 336,730	\$ 40,298	\$ 341	\$ 962,369
2023	600,000	319,790	40,399	241	960,430
2024	690,000	308,098	40,500	139	1,038,737
2025	705,000	303,751	29,954	38	1,038,743
2026	715,000	298,534	--	--	1,013,534
2027-2031	1,629,989	3,841,265	--	--	5,471,254
2032-2036	4,715,000	1,188,920	--	--	5,903,920
2037-2041	5,325,000	659,330	--	--	5,984,330
2042-2043	2,315,005	83,988	--	--	2,398,993
Totals	\$ 17,279,994	\$ 7,340,406	\$ 151,151	\$ 759	\$ 24,772,310

5. Advance Refunding of Debt

On October 27, 2020, the District issued \$16,769,994 in unlimited tax refunding bonds with interest rates ranging from 0.24% to 2.41%. The District issued the bonds to advance refund \$16,785,000 of the outstanding Series 2013 unlimited tax school building bonds with interest rates ranging from 4.00% to 5.00%. The District used the net proceeds to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the 2013 series bonds. As a result, that portion of the 2013 series bonds is considered defeased, and the District has removed the liability from its accounts. The advanced refunding reduced total debt service payments over the next 22 years by \$4,012,810. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,225,195.

The reacquisition price exceeded the net carrying value of the old debt by \$1,604,090. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt.

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The outstanding principal of the refunded bonds considered to have been defeased is \$16,785,000.

**F. Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**G. Pension Plan**

**1. 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.

**2. 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 <https://www.trs.texas.gov/pages/aboutpublications.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

**3. 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 age is at 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 (1.) 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 are determined by the System's actuary.

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

**4. Contributions**

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

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

<b><u>Contribution Rates</u></b>		
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
District's 2021 Employer Contributions	\$ 319,079	
District's 2021 Member Contributions	\$ 793,802	
2020 NECE On-Behalf Contributions (state)	\$ 606,479	

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

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

- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter schools and regional education service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

**5. Actuarial Assumptions**

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Last year ending August 31 in Projection Period	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

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

**6. 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 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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



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

<b>Asset Class</b>	<b>Target Allocation* %</b>	<b>Long-Term Expected Arithmetic Real Rate of Return **</b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
<b>Stable Value</b>			
Government Bonds	16.00%	-0.70%	-0.05%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
<b>Real Return</b>			
Real Estate	15.00%	4.60%	1.02%
Energy, Natural Resources & Infrastructure	6.00%	6.00%	0.42%
<b>Risk Parity</b>			
Risk Parity	8.00%	3.00%	0.30%
<b>Asset Allocation Leverage</b>			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
<b>Inflation Expectation</b>	--	--	2.00%
<b>Volatility Drag ***</b>	--	--	-0.67%
<b>Expected Return</b>	<b>100.00%</b>		<b>7.33%</b>

\* Target allocations are based on the FY2020 policy model.

\*\* Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)

\*\*\* The volatility drag results from the conversion between arithmetic and geometric mean returns.

8. 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.

	<b>1% Decrease in Discount Rate 6.25%</b>	<b>Discount Rate 7.25%</b>	<b>1% Increase in Discount Rate 8.25%</b>
District's proportionate share of the net pension liability:	\$ 5,512,090	\$ 3,574,678	\$ 2,000,574

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

At June 30, 2021, the District reported a liability of \$3,574,678 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

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District's proportionate share of the collective net pension liability	\$ 3,574,678
State's proportionate share that is associated with District	<u>7,872,420</u>
Total	<u>\$ 11,447,098</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0066744105% which was an increase (decrease) of (0.0002638%) from its proportion measured as of August 31, 2019.

10. Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2021, the District recognized pension expense of \$1,514,058 and revenue of \$946,877 for support provided by the State.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 6,527	\$ 99,760
Changes in actuarial assumptions	829,453	352,677
Difference between projected and actual investment earnings	72,367	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	<u>235,154</u>	<u>214,208</u>
Totals as of August 31, 2020, measurement date	1,143,501	666,645
Contributions paid to TRS subsequent to the measurement date	<u>273,679</u>	<u>--</u>
Totals as of fiscal year-end	<u>\$ 1,417,180</u>	<u>\$ 666,645</u>

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

Year Ended June 30	Pension Expense Amount
2022	\$ 186,562
2023	179,334
2024	160,066
2025	15,282
2026	(58,144)
Thereafter	(6,244)

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**H. Defined Other Post-Employment Benefit Plans**

**1. 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 that has 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.

**2. 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 [https://www.trs.texas.gov/pages/about\\_publications.aspx](https://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.

**3. Benefits Provided**

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. 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 Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

**4. Contributions**

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

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 0.65% of pay. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual public school

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contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding *	1.25%	1.25%

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

District's 2021 Employer Contributions	\$	100,021
District's 2021 Member Contributions	\$	67,010
2020 NECE On-Behalf Contributions (state)	\$	128,947

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 TRS Care a monthly surcharge of \$535 per retiree.

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

5. Actuarial Assumptions

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

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

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

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

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

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Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-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

6. Discount Rate

A single discount rate of 2.33 percent was used to measure the Total OPEB Liability. This was a decrease of .30 percent in the discount rate since the previous year. Since the plan is 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 the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 5,759,319	\$ 4,799,442	\$ 4,041,276

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

At June 30, 2021, the District reported a liability of \$4,799,442 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	\$ 4,799,442
State's proportionate share that is associated with the District	6,449,299
Total	<u>\$ 11,248,741</u>

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

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0126252867%, which was an increase of .0009553848% from its proportion measured as of August 31, 2019.

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 assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 3,920,529	\$ 4,799,442	\$ 5,970,029

9. Change of Assumptions Since the Prior Measurement Date

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

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

Changes of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2021, the District recognized OPEB expense of \$(79,048) and revenue of \$(44,781) for support provided by the State.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 251,297	\$ 2,196,470
Changes in actuarial assumptions	296,026	1,317,951
Differences between projected and actual investment earnings	1,560	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	534,023	109,302
Totals as of August 31, 2020, measurement date	1,082,906	3,623,723

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Contributions paid to TRS subsequent to the measurement date

84,706

--

Totals as of fiscal year-end

\$ 1,167,612 \$ 3,623,723

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (445,727)
2023	(445,935)
2024	(446,055)
2025	(446,026)
2026	(317,829)
Thereafter	(439,245)

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended June 30, 2021, the subsidy payment received by TRS-Care on behalf of the District was \$50,522.

I. Employee Health Care Coverage

During the year ended June 30, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$244 per month per employee in July and August 2020. In September 2020, the District began paying premiums of \$253 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2021, and terms of coverage and premium costs are included in the contractual provisions.

J. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at June 30, 2021.

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3. Infectious Disease Outbreak - COVID-19

The outbreak in 2020 of COVID-19, a respiratory disease caused by several strains of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. The District continues to monitor the impact of COVID-19 on the attendance and learning loss of students. The District is working with local, state, and federal agencies to address the potential impact of the Pandemic upon the District. The federal government has provided financial assistance to local education agencies in the form of grants. Most of the grants are focused on either mitigating the spread of the viruses or addressing the learning loss facing many of the students in the District and across the country. A recent wave of the virus negatively impacted the attendance for the start of the 2021-22 school year, but the financial impact on state funding will not be known until the school year is complete. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

K. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 313, SSA IDEA-B Formula; Special Revenue Fund No. 314, SSA IDEA-B Preschool; Special Revenue Fund No. 434, Visually Impaired Services; Special Revenue Fund No. 437, Special Education; Special Revenue Fund No. 429, Special Education Fiscal Support; and will be accounted for using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Sabine ISD	\$ 582,698
Spring Hill ISD	749,242
White Oak ISD	611,576
Total	<u>\$ 1,943,516</u>

Shared Services Arrangement - DAEP - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides discipline alternative education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided by TEA's Resource Guide, the District has accounting for the fiscal agent's activities of the SSA in Special Revenue Fund No. 459, SSA Locally Defined, and will be accounted for using Model 3 in the SSA Section of the Resource Guide.

<u>Member Districts</u>	<u>Expenditures</u>
Sabine ISD	\$ 37,201
Spring Hill ISD	37,200
White Oak ISD	37,200
Total	<u>\$ 111,601</u>

L. Subsequent Events

Management has evaluated subsequent events through November 2, 2021, the date on which the financial statements were available to be issued.

M. Unemployment Compensation Pool

During the year ended June 30, 2021, Sabine ISD 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 Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's



**SABINE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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 Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly 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 the Unemployment Compensation pool. For the year ended June 30, 2021, the Fund anticipates that Sabine ISD has no additional liability beyond the contractual obligation for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each 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, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**N. Workers' Compensation Pool**

During the year ended June 30, 2021, Sabine ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claim costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2020, the Fund carries a discounted reserve of \$44,135,645 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended June 30, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each 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, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**O. Other Restrictions/Commitments of Fund Balance**

Other restrictions of fund balance consist of the following:

Other Governmental Funds:

Restricted for Special Education	\$	248,420
Restricted for Other State Funded Grants		2,271
Restricted for DAEP		35,435
Restricted for Capital Projects		147,115
	\$	<u>433,241</u>

Other commitments of fund balance consist of the following:

Other Governmental Funds:

Committed for campus activity funds	\$	<u>105,882</u>
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## Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**SABINE INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 LAST TEN FISCAL YEARS \*

	Measurement Year Ended August 31						
	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0066744%	0.0069382%	0.0071793%	0.0074621%	0.0066769%	0.0070762%	0.0036559%
District's proportionate share of the net pension liability (asset)	\$ 3,574,678	\$ 3,606,703	\$ 3,951,686	\$ 2,385,986	\$ 2,523,113	\$ 2,501,343	\$ 976,542
State's proportionate share of the net pension liability (asset) associated with the District	7,872,420	6,949,048	7,668,341	4,571,299	5,430,943	5,238,954	445,373
Total	<u>\$ 11,447,098</u>	<u>\$ 10,555,751</u>	<u>\$ 11,620,027</u>	<u>\$ 6,957,285</u>	<u>\$ 7,954,056</u>	<u>\$ 7,740,297</u>	<u>\$ 1,421,915</u>
District's covered-employee payroll	\$ 9,761,637	\$ 8,812,857	\$ 8,758,942	\$ 8,646,117	\$ 8,097,935	\$ 7,894,930	\$ 7,648,134
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.62%	40.93%	45.12%	27.60%	31.16%	31.68%	12.77%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note : GASB Statement No. 68, Paragraph 81.2 requires that the information on this schedule be data from the period corresponding with the period covered as of the TRS measurement date of August 31, 2020 - the period from September 1, 2019 - August 31, 2020.

Note : Only seven years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for periods for the 10-year schedules that are required to be presented as required supplementary information may be not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**SABINE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST TEN FISCAL YEARS \*

	Fiscal Year Ended June 30						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 319,079	\$ 268,943	\$ 241,977	\$ 243,633	\$ 238,828	\$ 212,270	\$ 189,869
Contributions in relation to the contractually required contribution	(319,079)	(268,943)	(241,977)	(243,633)	(238,828)	(212,270)	(189,869)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 10,309,112	\$ 9,625,890	\$ 8,757,890	\$ 8,715,734	\$ 8,550,526	\$ 8,086,672	\$ 7,828,681
Contributions as a percentage of covered-employee payroll	3.10%	2.79%	2.76%	2.80%	2.79%	2.62%	2.43%

Note : GASB Statement No. 68, Paragraph 81.2 requires that the information on this schedule be data from the period corresponding with the period covered as of the TRS measurement date of August 31, 2020 - the period from September 1, 2019 - August 31, 2020.

Note : Only seven years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for periods for the 10-year schedules that are required to be presented as required supplementary information may be not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**SABINE INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 LAST TEN FISCAL YEARS \*

	Measurement Year Ended August 31			
	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0126253%	0.0116699%	0.0117330%	0.0192360%
District's proportionate share of the collective net OPEB liability	\$ 4,799,442	\$ 5,518,839	\$ 5,858,388	\$ 5,185,132
State proportionate share of the collective net OPEB liability associated with the District	6,449,299	7,333,303	7,222,191	6,436,714
Total	<u>\$ 11,248,741</u>	<u>\$ 12,852,142</u>	<u>\$ 13,080,579</u>	<u>\$ 11,621,846</u>
District's covered-employee payroll	\$ 9,761,637	\$ 8,812,857	\$ 8,758,942	\$ 8,646,117
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	49.17%	62.62%	66.88%	59.97%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

Note : Only four years of data is presented in accordance with GASB Statement No. 75, Paragraph 245. "The information for periods for the 10-year schedules that are required to be presented as required supplementary information may be not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	For the Fiscal Year Ended June 30			
	2021	2020	2019	2018
Statutorily or contractually required District contribution	\$ 100,021	\$ 94,246	\$ 82,187	\$ 77,767
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(100,021)	(94,246)	(82,187)	(77,767)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 10,309,112	\$ 9,625,890	\$ 8,757,890	\$ 8,715,734
Contributions as a percentage of covered-employee payroll	0.97%	0.98%	0.94%	0.89%

Note : Only four years of data is presented in accordance with GASB Statement No. 75, Paragraph 245. "The information for periods for the 10-year schedules that are required to be presented as required supplementary information may be not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

## **SABINE INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2021**

#### Defined Benefit Pension Plan

##### Changes of benefit terms

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

##### Changes of assumptions

See Note G.10 to the financial statements for information regarding changes to actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

#### Other Post-Employment Benefit Plan

##### Changes of benefit terms

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

##### Changes of assumptions

See Note H.9 to the financial statements for a description of changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

## Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.



**SABINE INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 690,397	\$ 147,115	\$ 837,512
1240	Due from Other Governments	167,449	--	167,449
1300	Inventories	17,991	--	17,991
1000	Total Assets	<u>875,837</u>	<u>147,115</u>	<u>1,022,952</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 951	\$ --	\$ 951
2160	Accrued Wages Payable	249,689	--	249,689
2170	Due to Other Funds	7,897	--	7,897
2180	Due to Other Governments	12,784	--	12,784
2200	Accrued Expenditures	23,561	--	23,561
2300	Unearned Revenue	5,215	--	5,215
2000	Total Liabilities	<u>300,097</u>	<u>--</u>	<u>300,097</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	17,991	--	17,991
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	165,741	--	165,741
3490	Other Restrictions of Fund Balance	286,126	147,115	433,241
Committed Fund Balances:				
3545	Other Committed Fund Balance	105,882	--	105,882
3000	Total Fund Balances	<u>575,740</u>	<u>147,115</u>	<u>722,855</u>
4000	Total Liabilities and Fund Balances	<u>\$ 875,837</u>	<u>\$ 147,115</u>	<u>\$ 1,022,952</u>

**SABINE INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 1,492,125	\$ 253	\$ 1,492,378
5800	State Program Revenues	226,587	--	226,587
5900	Federal Program Revenues	1,856,442	--	1,856,442
5020	Total Revenues	<u>3,575,154</u>	<u>253</u>	<u>3,575,407</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	1,493,778	--	1,493,778
0012	Instructional Resources and Media Services	563	--	563
0013	Curriculum and Staff Development	24,005	--	24,005
0021	Instructional Leadership	275,659	--	275,659
0023	School Leadership	2,960	--	2,960
0031	Guidance, Counseling, & Evaluation Services	706,223	--	706,223
0033	Health Services	614	--	614
0035	Food Service	763,725	--	763,725
0036	Cocurricular/Extracurricular Activities	53,769	--	53,769
0041	General Administration	32,877	--	32,877
0051	Facilities Maintenance and Operations	20,937	--	20,937
0053	Data Processing Services	10,701	--	10,701
0093	Payments to Shared Service Arrangements	61,303	--	61,303
6030	Total Expenditures	<u>3,447,114</u>	<u>--</u>	<u>3,447,114</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	128,040	253	128,293
1200	Net Change in Fund Balances	<u>128,040</u>	<u>253</u>	<u>128,293</u>
0100	Fund Balances - Beginning	447,700	146,862	594,562
3000	Fund Balances - Ending	<u>\$ 575,740</u>	<u>\$ 147,115</u>	<u>\$ 722,855</u>

# SABINE INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

Data Control Codes		211 ESEA Title I Improving Basic Programs	225 IDEA-Part B Preschool Grant	240 National School Breakfast/Lunch Program	255 Title II Part A Supp. Effective Instruction
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 156,033	\$ --
1240	Due from Other Governments	14,677	--	27,794	--
1300	Inventories	--	--	17,991	--
1000	Total Assets	<u>14,677</u>	<u>--</u>	<u>201,818</u>	<u>--</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	--	--	180	--
2160	Accrued Wages Payable	5,832	--	13,883	--
2170	Due to Other Funds	7,897	--	--	--
2180	Due to Other Governments	--	--	--	--
2200	Accrued Expenditures	948	--	78	--
2300	Unearned Revenue	--	--	3,945	--
2000	Total Liabilities	<u>14,677</u>	<u>--</u>	<u>18,086</u>	<u>--</u>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	--	--	17,991	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	165,741	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>183,732</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 14,677</u>	<u>\$ --</u>	<u>\$ 201,818</u>	<u>\$ --</u>

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# SABINE INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

Data Control Codes		314 IDEA-B Preschool	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Literacy Academy
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ 2,267	\$ 1,270	\$ 17,632
1240	Due from Other Governments	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>--</u>	<u>2,267</u>	<u>1,270</u>	<u>17,632</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	--	--	--	--
2160	Accrued Wages Payable	--	--	--	4,843
2170	Due to Other Funds	--	--	--	--
2180	Due to Other Governments	--	--	--	12,784
2200	Accrued Expenditures	--	--	--	--
2300	Unearned Revenue	--	--	1,270	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>1,270</u>	<u>17,627</u>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	2,267	--	5
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>2,267</u>	<u>--</u>	<u>5</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 2,267</u>	<u>\$ 1,270</u>	<u>\$ 17,632</u>

434 Supplemental Visually Impaired	437 Special Education	459 SSA-DAEP	461 Athletic Activity Funds	462 High School Activity Fund
\$ 869	\$ 353,740	\$ 50,540	\$ 34,691	\$ 32,123
--	--	--	--	--
--	--	--	--	--
869	353,740	50,540	34,691	32,123
--	771	--	--	--
810	99,559	14,065	--	1,100
--	--	--	--	--
--	--	--	--	--
59	4,991	1,040	--	--
--	--	--	--	--
869	105,321	15,105	--	1,100
--	--	--	--	--
--	--	--	--	--
--	248,419	35,435	--	--
--	--	--	34,691	31,023
--	248,419	35,435	34,691	31,023
\$ 869	\$ 353,740	\$ 50,540	\$ 34,691	\$ 32,123

# SABINE INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

Data Control Codes		463 Library Activity Fund	464 Middle School Activity Fund
	<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 5,627	\$ 9,239
1240	Due from Other Governments	--	--
1300	Inventories	--	--
1000	Total Assets	<u>5,627</u>	<u>9,239</u>
	<b>LIABILITIES:</b>		
	Current Liabilities:		
2110	Accounts Payable	--	--
2160	Accrued Wages Payable	--	--
2170	Due to Other Funds	--	--
2180	Due to Other Governments	--	--
2200	Accrued Expenditures	--	--
2300	Unearned Revenue	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>
	<b>FUND BALANCES:</b>		
	Nonspendable Fund Balances:		
3410	Inventories	--	--
	Restricted Fund Balances:		
3450	Federal/State Funds Grant Restrictions	--	--
3490	Other Restrictions of Fund Balance	--	--
	Committed Fund Balances:		
3545	Other Committed Fund Balance	<u>5,627</u>	<u>9,239</u>
3000	Total Fund Balances	<u>5,627</u>	<u>9,239</u>
4000	Total Liabilities and Fund Balances	<u>\$ 5,627</u>	<u>\$ 9,239</u>

465 Elementary Activity Fund	481 Education Foundation Grant Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 25,302	\$ --	\$ 690,397
--	--	167,449
--	--	17,991
<u>25,302</u>	<u>--</u>	<u>875,837</u>
--	--	951
--	--	249,689
--	--	7,897
--	--	12,784
--	--	23,561
--	--	5,215
<u>--</u>	<u>--</u>	<u>300,097</u>
--	--	17,991
--	--	165,741
--	--	286,126
<u>25,302</u>	<u>--</u>	<u>105,882</u>
<u>25,302</u>	<u>--</u>	<u>575,740</u>
\$ <u>25,302</u>	\$ <u>--</u>	\$ <u>875,837</u>



**SABINE INDEPENDENT SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		211 ESEA Title I Improving Basic Programs	225 IDEA-Part B Preschool Grant	240 National School Breakfast/Lunch Program	255 Title II Part A Supp. Effective Instruction
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 267,023	\$ --
5800	State Program Revenues	--	--	32,120	--
5900	Federal Program Revenues	220,372	2,959	505,721	19,680
5020	Total Revenues	<u>220,372</u>	<u>2,959</u>	<u>804,864</u>	<u>19,680</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	220,372	2,959	--	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	19,680
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0033	Health Services	--	--	--	--
0035	Food Service	--	--	763,725	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0053	Data Processing Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	<u>220,372</u>	<u>2,959</u>	<u>763,725</u>	<u>19,680</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>--</u>	<u>41,139</u>	<u>--</u>
1200	Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>41,139</u>	<u>--</u>
0100	Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>142,593</u>	<u>--</u>
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 183,732</u>	<u>\$ --</u>

263 Title III Part A English Language Acquisition	266 Elementary & Secondary School Emergency Relief	277 Operation Connectivity	289 Title IV Part A Subpart 1 Student Supp. & Academic Enrichment	313 IDEA-B Formula
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
12,699	54,212	105,745	12,563	901,922
<u>12,699</u>	<u>54,212</u>	<u>105,745</u>	<u>12,563</u>	<u>901,922</u>
9,690	54,212	105,745	12,563	454,092
--	--	--	--	--
3,009	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	412,330
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	35,500
<u>12,699</u>	<u>54,212</u>	<u>105,745</u>	<u>12,563</u>	<u>901,922</u>
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
\$ --	\$ --	\$ --	\$ --	\$ --
<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>

**SABINE INDEPENDENT SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	314 IDEA-B Preschool	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Literacy Academy
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	96,717	24,485
5900 Federal Program Revenues	20,569	--	--	--
5020 Total Revenues	<u>20,569</u>	<u>--</u>	<u>96,717</u>	<u>24,485</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	--	--	96,127	5,555
0012 Instructional Resources and Media Services	--	--	--	60
0013 Curriculum and Staff Development	--	--	590	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	17,819
0033 Health Services	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0051 Facilities Maintenance and Operations	--	--	--	--
0053 Data Processing Services	--	--	--	--
0093 Payments to Shared Service Arrangements	20,569	--	--	1,084
6030 Total Expenditures	<u>20,569</u>	<u>--</u>	<u>96,717</u>	<u>24,518</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	(33)
1200 Net Change in Fund Balances	--	--	--	(33)
0100 Fund Balances - Beginning	--	2,267	--	38
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 2,267</u>	<u>\$ --</u>	<u>\$ 5</u>

434 Supplemental Visually Impaired	437 Special Education	459 SSA-DAEP	461 Athletic Activity Funds	462 High School Activity Fund
\$ --	\$ 997,507	\$ 126,300	\$ 30,090	\$ 15,310
5,300	59,577	8,266	122	--
--	--	--	--	--
<u>5,300</u>	<u>1,057,084</u>	<u>134,566</u>	<u>30,212</u>	<u>15,310</u>
5,300	429,085	61,509	--	1,486
--	--	--	--	--
--	723	3	--	--
--	229,225	46,434	--	--
--	--	--	--	--
--	276,074	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	24,399	10,395
--	32,877	--	--	--
--	12,087	--	--	--
--	10,701	--	--	--
--	495	3,655	--	--
<u>5,300</u>	<u>991,267</u>	<u>111,601</u>	<u>24,399</u>	<u>11,881</u>
--	65,817	22,965	5,813	3,429
--	65,817	22,965	5,813	3,429
--	182,602	12,470	28,878	27,594
<u>\$ --</u>	<u>\$ 248,419</u>	<u>\$ 35,435</u>	<u>\$ 34,691</u>	<u>\$ 31,023</u>

**SABINE INDEPENDENT SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		463 Library Activity Fund	464 Middle School Activity Fund
	<b>REVENUES:</b>		
5700	Local and Intermediate Sources	\$ 1,368	\$ 2,440
5800	State Program Revenues	--	--
5900	Federal Program Revenues	--	--
5020	Total Revenues	<u>1,368</u>	<u>2,440</u>
	<b>EXPENDITURES:</b>		
	Current:		
0011	Instruction	--	--
0012	Instructional Resources and Media Services	238	--
0013	Curriculum and Staff Development	--	--
0021	Instructional Leadership	--	--
0023	School Leadership	--	2,051
0031	Guidance, Counseling, & Evaluation Services	--	--
0033	Health Services	--	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	6,403	2,459
0041	General Administration	--	--
0051	Facilities Maintenance and Operations	--	8,850
0053	Data Processing Services	--	--
0093	Payments to Shared Service Arrangements	--	--
6030	Total Expenditures	<u>6,641</u>	<u>13,360</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>(5,273)</u>	<u>(10,920)</u>
1200	Net Change in Fund Balances	<u>(5,273)</u>	<u>(10,920)</u>
0100	Fund Balances - Beginning	10,900	20,159
3000	Fund Balances - Ending	<u>\$ 5,627</u>	<u>\$ 9,239</u>

465 Elementary Activity Fund	481 Education Foundation Grant Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 16,662	\$ 35,425	\$ 1,492,125
--	--	226,587
--	--	1,856,442
<u>16,662</u>	<u>35,425</u>	<u>3,575,154</u>
537	34,546	1,493,778
--	265	563
--	--	24,005
--	--	275,659
909	--	2,960
--	--	706,223
--	614	614
--	--	763,725
10,113	--	53,769
--	--	32,877
--	--	20,937
--	--	10,701
--	--	61,303
<u>11,559</u>	<u>35,425</u>	<u>3,447,114</u>
5,103	--	128,040
<u>5,103</u>	<u>--</u>	<u>128,040</u>
20,199	--	447,700
<u>\$ 25,302</u>	<u>\$ --</u>	<u>\$ 575,740</u>

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## Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.



**SABINE INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2021

Year Ended June 30	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2012 and Prior Years	\$	Various	\$	Various	\$	Various
2013		1.04		--		402,121,635
2014		1.04		--		436,227,184
2015		1.04		.2528		440,509,407
2016		1.04		.233		394,057,690
2017		1.04		.2614		415,915,109
2018		1.04		.2614		398,971,911
2019		1.04		.2614		403,797,746
2020		.97		.2614		423,471,945
2021 (School Year Under Audit)		.9664		.2614		411,321,600

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 7/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/21
\$ 39,083	\$ --	\$ 246	\$ --	\$ (1,832)	\$ 37,005
19,801	--	1,055	--	--	18,746
50,839	--	1,128	274	--	49,437
15,732	--	969	217	--	14,546
18,537	--	1,571	395	608	17,179
24,208	--	2,951	742	1,545	22,060
57,230	--	9,299	2,338	(617)	44,976
115,529	--	26,571	6,679	(3,683)	78,596
210,146	--	77,752	20,955	(9,653)	101,786
--	5,050,330	3,928,222	1,062,660	174,049	233,497
<u>\$ 551,105</u>	<u>\$ 5,050,330</u>	<u>\$ 4,049,764</u>	<u>\$ 1,094,260</u>	<u>\$ 160,417</u>	<u>\$ 617,828</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**EXHIBIT J-2**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 250,650	\$ 265,550	\$ 267,023	\$ 1,473
5800	State Program Revenues	27,803	32,121	32,120	(1)
5900	Federal Program Revenues	485,000	485,000	505,721	20,721
5020	Total Revenues	<u>763,453</u>	<u>782,671</u>	<u>804,864</u>	<u>22,193</u>
	<b>EXPENDITURES:</b>				
	Current:				
	Support Services - Student (Pupil):				
0035	Food Services	<u>772,137</u>	<u>770,137</u>	<u>763,725</u>	<u>6,412</u>
	Total Support Services - Student (Pupil)	<u>772,137</u>	<u>770,137</u>	<u>763,725</u>	<u>6,412</u>
6030	Total Expenditures	<u>772,137</u>	<u>770,137</u>	<u>763,725</u>	<u>6,412</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(8,684)</u>	<u>12,534</u>	<u>41,139</u>	<u>28,605</u>
1200	Net Change in Fund Balance	<u>(8,684)</u>	<u>12,534</u>	<u>41,139</u>	<u>28,605</u>
0100	Fund Balance - Beginning	142,593	142,593	142,593	--
3000	Fund Balance - Ending	<u>\$ 133,909</u>	<u>\$ 155,127</u>	<u>\$ 183,732</u>	<u>\$ 28,605</u>

The accompanying notes are an integral part of this statement.

# SABINE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	REVENUES:				
5700	Local and Intermediate Sources	\$ 1,058,720	\$ 1,121,729	\$ 1,125,570	\$ 3,841
5800	State Program Revenues	187,664	176,655	142,133	(34,522)
5020	Total Revenues	1,246,384	1,298,384	1,267,703	(30,681)
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	290,000	450,000	450,000	--
0072	Interest on Long-Term Debt	783,182	503,885	503,885	--
0073	Bond Issuance Costs and Fees	440	270,270	270,269	1
	Total Debt Service	1,073,622	1,224,155	1,224,154	1
6030	Total Expenditures	1,073,622	1,224,155	1,224,154	1
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	172,762	74,229	43,549	(30,680)
	Other Financing Sources (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	--	16,769,994	16,769,994	--
7916	Premium or Discount on Issuance of Bonds	--	2,097,369	2,097,368	(1)
8949	Other Uses	--	(18,590,499)	(18,590,498)	1
7080	Total Other Financing Sources and (Uses)	--	276,864	276,864	--
1200	Net Change in Fund Balance	172,762	351,093	320,413	(30,680)
0100	Fund Balance - Beginning	1,001,178	1,001,178	1,001,178	--
3000	Fund Balance - Ending	\$ 1,173,940	\$ 1,352,271	\$ 1,321,591	\$ (30,680)

The accompanying notes are an integral part of this statement.

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# KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Longview, Texas 75604

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Chanie A. Johnson, CPA

Independent Auditors' 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

Board of Trustees  
Sabine Independent School District  
5424 FM 1252 W  
Gladewater, Texas 75647

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sabine Independent School District's basic financial statements, and have issued our report thereon dated November 2, 2021.

## Internal Control Over Financial Reporting

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.

Longview, Texas  
November 2, 2021

# KAREN A. JACKS & ASSOCIATES, P.C.

## Certified Public Accountants

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Peggy J. Lantz, CPA

Chanie A. Johnson, CPA

### Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees  
Sabine Independent School District  
5424 FM 1252 W  
Gladewater, Texas 75647

Members of the Board of Trustees:

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

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

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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



## Opinion on Each Major Federal Program

In our opinion, the Sabine 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, 2021.

## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.

Longview, Texas  
November 2, 2021

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes     X     No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes     X     None Reported

Noncompliance material to financial statements noted?        Yes     X     No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?        Yes     X     No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes     X     None Reported

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

Version of compliance supplement used in audit: July 2021

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?        Yes     X     No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Part A - Improving Basic Programs
21.019	COVID-19 Coronavirus Relief Fund
84.425D	COVID-19 Elementary & Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee?     X     Yes        No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**SABINE INDEPENDENT SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None.		

**SABINE INDEPENDENT SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2021

None required.

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**EXHIBIT K-1**  
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients  Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	00441	\$ 102,219
National School Lunch Program	10.555	00441	338,356
Total Passed Through State Department of Education			440,575
Passed Through Texas Dept of Agriculture:			
COVID-19 Emergency Operational Cost Reimb. Program	10.555	00441	18,056
National School Lunch Program (Non-cash)	10.555	00441	47,090
Total CFDA Number 10.555			65,146
Total Passed Through Texas Dept of Agriculture			65,146
Total U. S. Department of Agriculture			505,721
Total Child Nutrition Cluster			505,721
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>			
<u>U. S. Department of Education</u>			
Passed Through Gregg County SSA:			
IDEA-Part B, Preschool	84.173	216610010929066610	2,959
Passed Through State Department of Education:			
SSA IDEA-B Formula	84.027	206600010929066600	12,292
SSA IDEA - Part B, Formula	84.027	216600010929066600	23,208
Total CFDA Number 84.027			35,500
SSA IDEA - Part B, Preschool	84.173	216610010929066610	20,569
Total Passed Through State Department of Education			20,569
Total U. S. Department of Education			56,069
Total Special Education (IDEA) Cluster			56,069
<b>OTHER PROGRAMS:</b>			
<u>U. S. Department of the Treasury</u>			
Passed Through Region IV Education Service Center:			
COVID-19 Coronavirus Relief Fund of the CARES Act	21.019	092-906	105,745
Total U. S. Department of the Treasury			105,745
<u>U. S. Department of Health and Human Services</u>			
Direct Program:			
COVID-19 Provider Relief Fund	93.498		5,056
Total U. S. Department of Health and Human Services			5,056
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010	20610101092906	58,704
ESEA Title I Part A - Improving Basic Programs	84.010	21610101092906	161,668
Total CFDA Number 84.010			220,372
Title III, Part A-English Language Acquisition	84.365	21671001092906	12,699
ESEA Title II, Part A-Teacher & Principal Training & Recruiting	84.367	21694501092906	19,680

**SABINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**EXHIBIT K-1**  
Page 2 of 2

(1)	(2)	(2A)		(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Title IV, Part A, Subpart 1	84.424	20680101092906	--	12,563
COVID-19 Elementary & Secondary School Emergency Relief	84.425D	20521001092906		5,525
COVID-19 Elementary & Secondary School Emergency Relief	84.425D	52102035		54,212
Total CFDA Number 84.425D			--	59,737
Total Passed Through State Department of Education			--	325,051
Total U. S. Department of Education			--	325,051
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 56,069	\$ 1,867,023

The accompanying notes are an integral part of this schedule.

**SABINE INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Sabine Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Sabine Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C - Reconciliation of Federal Revenues to Federal Expenditures

Federal revenue in the accompanying financial statements include federal source revenues which are not considered federal assistance for purposes of the Schedule of Expenditures of Federal Awards. A reconciliation follows:

Total Federal Expenditures, Exhibit K-1	\$	1,867,023
Other Federal Revenues:		
School Health and Related Services (SHARS)		135,921
Total Federal Revenues, Exhibit C-2	\$	<u>2,002,944</u>

Note D - Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of commodities received and disbursed. At June 30, 2021, the District has food commodities of \$3,945 in inventory.

**SABINE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF JUNE 30, 2021

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the school district is considered <b>to not have made</b> timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 88,010



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