

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2021

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CERTIFICATE OF BOARD

Lake Worth Independent School District
Name of School District

Lake Worth
County

220-910
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) X approved _____ disapproved for the year ended August 31, 2021, at a meeting of the Board of Trustees of such school district on the 13th day of December, 2021.


Signature of Board Secretary


Signature of Board President

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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
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DENTON, TX 76202-0977
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Independent Auditor's Report

To the Board of Trustees
Lake Worth Independent School District
Lake Worth, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Worth Independent School District (the District), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Worth Independent School District as of August 31, 2021, and the respective changes in financial position and cash flows 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* on pages 7 through 14 and the Teacher Retirement System schedules on pages 58 through 64 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 Lake Worth Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the required TEA schedules, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of Lake Worth Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Lake Worth Independent School District's internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

December 1, 2021

**LAKE WORTH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)**

As management of Lake Worth Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2021. Please read this narrative in conjunction with the independent auditors' report on page 5, and the District's Basic Financial Statements that begin on page 16.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of Lake Worth Independent School District exceeded its assets and deferred outflows at the close of the most recent fiscal year resulting in a deficit net position of \$12,706,970.
- The District's total net position increased by \$5,005,689 during the current fiscal year from the result of current year operations.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$17,948,968. Over 84% of this total amount (\$15,172,946) is unassigned and available for use within the District's commitments and assignment policies.
- At the end of the current fiscal period, the unassigned fund balance of the general fund of \$15,172,946 was 39.43% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 16 and 17). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 18) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. The District has no component units for which it is financially accountable.

The notes to the financial statements (starting on page 27) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. The section labeled Single Audit Section 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 16. Its primary purpose is to show whether the financial position of the District is improving or deteriorating as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

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

These two statements report the District's net position and changes in them. The District's net position 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 nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds 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, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities—The District charges a fee to “customers” to help it cover all or most of the cost of services it provides in the child nutrition program and in its athletic stadium concessions activities. The District had no business-type activities during the fiscal year.

Reporting the District's Most Significant Funds

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The fund financial statements begin on page 18 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains twenty-four governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, both of which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 18 through 20 of this report.
- Proprietary funds.** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and the print shop. The District had no proprietary funds.
- Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the custodian, or *fiduciary*, for these funds and 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 custodial net position and a separate statement of changes in custodial fund net position that can be found on pages 24 and 25. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Net position of the District's governmental activities increased from a \$17,712,659 deficit at August 31, 2020 to a \$12,706,970 deficit balance at August 31, 2021. 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 a deficit of \$15,652,110 at August 31, 2021. The current year operating increase was the result of several factors. First, the District's revenues exceeded expenditures by \$5,803,776 (as adjusted for the effects of capital outlay and debt service principal payments.) However, the District recorded depreciation expense, which is a non-cash expense that reduces the carrying value of District assets, in the amount of \$3,236,450. Also, various adjustments totaling \$2,438,363 were posted to revenues and expenses to account for prepaid expenses, interest accruals and tax revenues earned during the period under the full accrual method of accounting.

Table I
NET POSITION

	Governmental Activities		
	2021	2020	Change
Current and other assets	\$ 21,013,487	\$ 20,853,507	\$ 159,980
Capital assets	64,221,017	62,868,524	1,352,493
Total assets	85,234,504	83,722,031	1,512,473
Deferred outflows of resources	13,201,865	14,987,774	(1,785,909)
Total assets and deferred outflows of resources	98,436,369	98,709,805	(273,436)
Long-term liabilities	97,446,132	103,229,524	(5,783,392)
Other liabilities	2,968,064	5,133,752	(2,165,688)
Total liabilities	100,414,196	108,363,276	(7,949,080)
Deferred inflows of resources	10,729,143	8,059,188	2,669,955
Total liabilities and deferred inflows of resources	111,143,339	116,422,464	(5,279,125)
Net Position:			
Net investments in capital assets	298,899	(2,256,494)	2,555,393
Restricted	2,646,241	2,605,201	41,040
Unrestricted	(15,652,110)	(18,061,366)	2,409,256
Total Net Position	\$ (12,706,970)	\$ (17,712,659)	\$ 5,005,689

Table II
CHANGES IN NET POSITION

	Governmental Activities		
	2021	2020	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 1,244,325	\$ 498,670	\$ 745,655
Operating grants and contributions	12,745,538	7,751,362	4,994,176
General Revenues:			
Maintenance and operations taxes	12,036,386	11,559,318	477,068
Debt service taxes	5,373,283	5,409,636	(36,353)
State aid - formula grants	22,986,721	21,863,798	1,122,923
Grants and contributions	-	911,840	(911,840)
Interest earnings	11,928	238,864	(226,936)
Miscellaneous	163,706	198,696	(34,990)
Total Revenue	<u>54,561,887</u>	<u>48,432,184</u>	<u>6,129,703</u>
Expenses:			
Instruction, curriculum and media services	27,568,514	26,980,291	588,223
Instructional and school leadership	3,099,573	3,518,673	(419,100)
Student support services	3,854,900	3,728,444	126,456
Food services	2,160,179	2,628,107	(467,928)
Cocurricular activities	1,777,276	1,933,815	(156,539)
General administration	1,991,149	1,935,668	55,481
Plant maintenance, security and data processing	6,444,152	7,814,455	(1,370,303)
Community services	435,165	514,741	(79,576)
Debt services	2,139,932	2,683,785	(543,853)
Intergovernmental charges	85,358	91,440	(6,082)
Total Expenses	<u>49,556,198</u>	<u>51,829,419</u>	<u>(2,273,221)</u>
Increase (Decrease) in Net Position	5,005,689	(3,397,235)	8,402,924
Net Position - beginning of year	<u>(17,712,659)</u>	<u>(14,315,424)</u>	<u>(3,397,235)</u>
Net Position - end of year	<u>\$ (12,706,970)</u>	<u>\$ (17,712,659)</u>	<u>\$ 5,005,689</u>

The cost of all governmental activities for the current fiscal period was \$49,556,198. However, as shown in the Statement of Activities on page 17, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$17,409,669 because some of the costs were paid by those who directly benefited from the programs (\$1,244,325) or by State equalization funding (\$22,986,721).

THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$17,948,968 an increase of \$1,991,798 from the prior year. Approximately 85 percent of this total amount (\$15,267,518) constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *nonspendable or restricted* to indicate that it is not available for new spending because it is already restricted to pay debt service (\$1,886,916), or for food service operations (\$759,325), or already spent on prepaid items (\$1,030), inventories (\$34,179).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$15,172,946, while the total fund balance was \$15,208,155. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 39.43% of the total general fund expenditures, while the total fund balance represents 39.52% of that same amount.

The fund balance of the District's general fund increased by \$2,375,815 during the current fiscal year, compared to a \$63,302 increase in the previous year. Key factors related to this change are as follows:

- A \$474,796 increase in property tax revenues combined with a \$1,277,732 increase in state per capita and foundation revenue contributed to a \$2,439,793 overall increase in total revenues. Expenditures increased \$1,843,938 due to significant bus purchases and to smaller increases in several other functions.

The debt service fund has a total fund balance of \$1,886,916, all of which is reserved for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$957,433, compared to a \$707,862 decrease in the previous year. Tax revenues were \$53,794 higher and State EDA funding was \$826,452 higher than the previous year, while debt service expenditures were \$892,637 lower.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund decreased by \$1,626,047 due primarily to \$1,843,014 spent on construction-related costs. Although these and other capital expenditures reduce available fund balances, they create new assets for the District as reported in the Statement of Net Position and discussed in Note 5 to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August, 2020). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendment in this case was an increase in the anticipated amount of State funding to be received. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$15,208,155 reported on page 18 differs from the General Fund's budgetary fund balance of \$9,434,486 reported in the budgetary comparison schedule on page 23. This is principally due to cost savings in all functional expenditure categories.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2021, the District had \$64,221,017 (net of accumulated depreciation) 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 \$1,352,493, or 2.15%, above last year.

This fiscal year's major additions included:

Energy management system	\$1,636,058
10 school buses	1,040,365
Portable building	499,791
Track resurfacing	302,942
Initial costs on a middle school addition	455,750
Surveillance cameras	542,067
Three vehicles	128,141
School marquee	40,249
Totaling	<u>\$4,645,363</u>

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At year-end, the District had \$74,735,898 in bonds, capital leases, maintenance tax notes and bond premiums outstanding (including accreted interest on bonds) versus \$77,216,198 last year—a decrease of 3.21%. New debt incurred during the fiscal period consisted of two new capital leases for buses and surveillance cameras. The District's underlying rating for unlimited tax bonds is "AA" by S&P, and "AA-" by Fitch but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the District is \$1,143,424,381, which is significantly in excess of the District's outstanding general obligation debt.

More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials and appointed officials considered many factors when setting the fiscal year 2021-2022 budget and tax rates. This included the financial changes as a result of HB3 and the uncertainty of effects of COVID-19. The demographer report indicating a 1% increase in student growth for 2021-2022 along with an increase in property values was used to estimate the increase in revenue for 2021-2022.

In order to retain teachers and staff, the District budgeted to increase the salary of teachers and staff across the board with a 3% increase along with targeted market salary adjustments. The 2021-2022 budget continues to include a one-time employee stipend. The District will continue to provide a free breakfast and lunch to all students in fiscal year 2021-2022. Budgeted expenditures for 2021-2022 decreased overall by 8.32% compared to 2021-2022.

Due to legislative changes the maintenance and operations tax rate was reduced to \$1.0481 per \$100 valuation for the general fund. In calculating the interest and sinking tax rate through Truth In Taxation the rate was reduced to \$0.4621. These changes resulted in a total tax rate of \$1.5102 for the 2021-2022 school year.

The District is continuing to work with its financial advisors and bond advisors to refinance bonded indebtedness and explore the possibility of sale of bonds for future projects. With and additional multi-family unit being built in the LWISD the board is in the process of working with an architect in developing an additional wing at the Collins Middle School. The District is also assessing our transportation fleet and looking at purchasing additional buses.

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 demonstrate the District's accountability for funds the District receives. If you have questions about this report or need additional financial information, contact the District's business office, at Lake Worth Independent School District, 6805 Telephone Rd., Lake Worth, Texas 76135, (817) 306-4200.

BASIC FINANCIAL STATEMENTS

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 14,424,215
1220 Property Taxes - Delinquent	429,627
1230 Allowance for Uncollectible Taxes	(225,289)
1240 Due from Other Governments	6,315,815
1267 Due from Fiduciary Funds	6,176
1290 Other Receivables, Net	808
1300 Inventories	61,105
1410 Prepayments	1,030
Capital Assets:	
1510 Land	2,168,883
1520 Buildings, Net	57,222,590
1530 Furniture and Equipment, Net	2,737,736
1580 Construction in Progress	2,091,808
1000 Total Assets	85,234,504
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	5,690,921
1705 Deferred Outflow Related to TRS Pension	5,001,502
1706 Deferred Outflow Related to TRS OPEB	2,509,442
1700 Total Deferred Outflows of Resources	13,201,865
LIABILITIES	
2110 Accounts Payable	730,088
2150 Payroll Deductions and Withholdings	98,797
2160 Accrued Wages Payable	1,464,567
2177 Due to Fiduciary Funds	1,279
2180 Due to Other Governments	524,970
2200 Accrued Expenses	107,883
2300 Unearned Revenue	40,480
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	4,482,252
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	70,253,646
2540 Net Pension Liability (District's Share)	11,700,442
2545 Net OPEB Liability (District's Share)	11,009,792
2000 Total Liabilities	100,414,196
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	2,110,388
2606 Deferred Inflow Related to TRS OPEB	8,618,755
2600 Total Deferred Inflows of Resources	10,729,143
NET POSITION	
3200 Net Investment in Capital Assets	298,899
Restricted:	
3820 Restricted for Federal and State Programs	759,325
3850 Restricted for Debt Service	1,886,916
3900 Unrestricted	(15,652,110)
3000 Total Net Position	\$ (12,706,970)

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

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

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2021

				Net (Expense) Revenue and Changes in Net Position	
Data	Program Revenues				
Control	1	3	4	6	
Codes		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
	Expenses				
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 26,100,573	\$ 131,015	\$ 7,264,924	\$ (18,704,634)
12	Instructional Resources and Media Services	402,823	-	15,414	(387,409)
13	Curriculum and Instructional Staff Development	1,065,118	-	712,174	(352,944)
21	Instructional Leadership	830,092	-	93,681	(736,411)
23	School Leadership	2,269,481	-	147,940	(2,121,541)
31	Guidance, Counseling, and Evaluation Services	1,184,406	-	415,373	(769,033)
32	Social Work Services	417,982	-	136,236	(281,746)
33	Health Services	433,360	660,869	38,006	265,515
34	Student (Pupil) Transportation	1,819,152	-	207,627	(1,611,525)
35	Food Services	2,160,179	87,465	2,172,076	99,362
36	Extracurricular Activities	1,777,276	42,642	147,310	(1,587,324)
41	General Administration	1,991,149	288,759	128,337	(1,574,053)
51	Facilities Maintenance and Operations	3,926,415	33,575	288,605	(3,604,235)
52	Security and Monitoring Services	220,558	-	-	(220,558)
53	Data Processing Services	2,297,179	-	46,222	(2,250,957)
61	Community Services	435,165	-	37,359	(397,806)
72	Debt Service - Interest on Long-Term Debt	1,594,043	-	894,254	(699,789)
73	Debt Service - Bond Issuance Cost and Fees	545,889	-	-	(545,889)
93	Payments Related to Shared Services Arrangements	2,951	-	-	(2,951)
99	Other Intergovernmental Charges	82,407	-	-	(82,407)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 49,556,198	\$ 1,244,325	\$ 12,745,538	(35,566,335)
Data					
Control	General Revenues:				
Codes	Taxes:				
MT	Property Taxes, Levied for General Purposes			12,036,386	
DT	Property Taxes, Levied for Debt Service			5,373,283	
SF	State Aid - Formula Grants			22,986,721	
IE	Investment Earnings			11,928	
MI	Miscellaneous Local and Intermediate Revenue			163,706	
TR	Total General Revenues			40,572,024	
CN	Change in Net Position			5,005,689	
NB	Net Position - Beginning			(17,712,659)	
NE	Net Position - Ending			\$ (12,706,970)	

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

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 12,621,109	\$ 1,134,424	\$ 668,682	\$ 14,424,215
1220 Property Taxes - Delinquent	315,151	114,476	-	429,627
1230 Allowance for Uncollectible Taxes	(173,598)	(51,691)	-	(225,289)
1240 Due from Other Governments	2,356,795	358,890	3,600,130	6,315,815
1260 Due from Other Funds	3,430,608	426,041	7,024	3,863,673
1290 Other Receivables	796	-	12	808
1300 Inventories	34,179	-	26,926	61,105
1410 Prepayments	1,030	-	-	1,030
1000 Total Assets	<u>\$ 18,586,070</u>	<u>\$ 1,982,140</u>	<u>\$ 4,302,774</u>	<u>\$ 24,870,984</u>
LIABILITIES				
2110 Accounts Payable	\$ 713,684	\$ -	\$ 16,404	\$ 730,088
2150 Payroll Deductions and Withholdings Payable	98,797	-	-	98,797
2160 Accrued Wages Payable	1,464,567	-	-	1,464,567
2170 Due to Other Funds	434,344	32,439	3,391,993	3,858,776
2180 Due to Other Governments	524,970	-	-	524,970
2300 Unearned Revenue	-	-	40,480	40,480
2000 Total Liabilities	<u>3,236,362</u>	<u>32,439</u>	<u>3,448,877</u>	<u>6,717,678</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	141,553	62,785	-	204,338
2600 Total Deferred Inflows of Resources	<u>141,553</u>	<u>62,785</u>	<u>-</u>	<u>204,338</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	34,179	-	-	34,179
3430 Prepaid Items	1,030	-	-	1,030
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	759,325	759,325
3480 Retirement of Long-Term Debt	-	1,886,916	-	1,886,916
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	94,572	94,572
3600 Unassigned Fund Balance	15,172,946	-	-	15,172,946
3000 Total Fund Balances	<u>15,208,155</u>	<u>1,886,916</u>	<u>853,897</u>	<u>17,948,968</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 18,586,070</u>	<u>\$ 1,982,140</u>	<u>\$ 4,302,774</u>	<u>\$ 24,870,984</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 17,948,968
1 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	115,338,154
2 Accumulated depreciation is not reported in the fund financial statements.	(51,117,137)
3 Maintenance tax notes payable are not reported in the fund financial statements.	(3,055,000)
4 Capital leases payable are not reported in the fund financial statements.	(1,337,125)
5 Bonds payable are not reported in the fund financial statements.	(58,425,460)
6 Bond premiums and discounts are not recognized in the fund financial statements.	(6,795,454)
7 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(107,883)
8 Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	204,338
9 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$11,700,442, a Deferred Resource Inflow related to TRS in the amount of \$2,110,388, and a Deferred Resource Outflow related to TRS in the amount of \$5,001,502. This amounted to a decrease in Net Position in the amount of \$8,809,328.	(8,809,328)
10 Included in the items related to debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$11,009,792, a Deferred Resource Inflow related to TRS OPEB in the amount of \$8,618,755, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$2,509,442. This amounted to a decrease in Net Position in the amount of \$17,119,105.	(17,119,105)
11 Deferred charge on bond refundings is not recognized in the fund financial statements.	5,690,921
12 Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.	(5,122,859)
19 Net Position of Governmental Activities	\$ (12,706,970)

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

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

EXHIBIT C-3

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 12,603,037	\$ 5,398,229	\$ 168,435	\$ 18,169,701
5800 State Program Revenues	25,035,360	894,254	166,483	26,096,097
5900 Federal Program Revenues	1,855,001	-	7,745,875	9,600,876
5020 Total Revenues	39,493,398	6,292,483	8,080,793	53,866,674
EXPENDITURES:				
Current:				
0011 Instruction	18,846,671	-	4,704,743	23,551,414
0012 Instructional Resources and Media Services	310,302	-	-	310,302
0013 Curriculum and Instructional Staff Development	406,720	-	599,580	1,006,300
0021 Instructional Leadership	767,687	-	28,195	795,882
0023 School Leadership	2,098,190	-	-	2,098,190
0031 Guidance, Counseling, and Evaluation Services	808,064	-	308,401	1,116,465
0032 Social Work Services	284,963	-	129,500	414,463
0033 Health Services	394,881	-	6,172	401,053
0034 Student (Pupil) Transportation	2,666,899	-	415	2,667,314
0035 Food Services	-	-	1,861,580	1,861,580
0036 Extracurricular Activities	1,362,648	-	82,568	1,445,216
0041 General Administration	1,716,409	-	38,010	1,754,419
0051 Facilities Maintenance and Operations	4,076,527	-	43,570	4,120,097
0052 Security and Monitoring Services	220,558	-	-	220,558
0053 Data Processing Services	2,704,257	-	-	2,704,257
0061 Community Services	395,607	-	15,412	411,019
Debt Service:				
0071 Principal on Long-Term Debt	521,448	2,348,304	110,000	2,979,752
0072 Interest on Long-Term Debt	15,309	2,975,403	96,456	3,087,168
0073 Bond Issuance Cost and Fees	-	11,343	500	11,843
Capital Outlay:				
0081 Facilities Acquisition and Construction	802,733	-	1,636,058	2,438,791
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	2,951	-	-	2,951
0099 Other Intergovernmental Charges	82,407	-	-	82,407
6030 Total Expenditures	38,485,231	5,335,050	9,661,160	53,481,441
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,008,167	957,433	(1,580,367)	385,233
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	24,134	-	-	24,134
7913 Capital Leases	1,582,431	-	-	1,582,431
7915 Transfers In	-	-	238,917	238,917
8911 Transfers Out (Use)	(238,917)	-	-	(238,917)
7080 Total Other Financing Sources (Uses)	1,367,648	-	238,917	1,606,565
1200 Net Change in Fund Balances	2,375,815	957,433	(1,341,450)	1,991,798
0100 Fund Balance - September 1 (Beginning)	12,832,340	929,483	2,195,347	15,957,170
3000 Fund Balance - August 31 (Ending)	\$ 15,208,155	\$ 1,886,916	\$ 853,897	\$ 17,948,968

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 1,991,798
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	4,693,955
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(3,236,450)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	410,146
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	(77,876)
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.	615,766
Current year interest accretion on capital appreciation bonds is not recognized in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	467,213
Current year principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	2,348,304
Current year principal payments on maintenance tax notes payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	110,000
Current year principal payments on capital leases payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	521,448
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2020 caused the ending net position to increase in the amount of \$1,027,770. These contributions were replaced with the District's pension expense for the year of \$1,956,367, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$928,597.	(928,597)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made during the current fiscal year caused the ending net position to increase in the amount of \$241,146. These contributions were replaced with the District's OPEB expense for the year, which was \$(68,725) and also caused an increase in net position. The impact of both of these is to increase net position by \$309,871.	309,871

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

LAKE WORTH INDEPENDENT SCHOOL DISTRICT

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

EXHIBIT C-4

Proceeds from capital leases are recorded as other resources in the fund financial statements but are shown as an increase in long-term debt in the government-wide financial statements.	(1,582,431)
The basis of capital asset dispositions do not affect the fund financial statements but are shown as a reduction of capital assets in the government-wide financial statements.	(105,012)
Scholarship funds and District store funds were transferred from a trust and agency fund to a special revenue fund in accordance with GASB 84.	1,600
Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(534,046)
Change in Net Position of Governmental Activities	<u><u>\$ 5,005,689</u></u>

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Data			Actual Amounts	Variance With
Control	Budgeted Amounts		(GAAP BASIS)	Final Budget
Codes	Original	Final		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 13,383,337	\$ 13,545,764	\$ 12,603,037	\$ (942,727)
5800 State Program Revenues	26,300,035	23,913,745	25,035,360	1,121,615
5900 Federal Program Revenues	693,000	1,204,950	1,855,001	650,051
5020 Total Revenues	40,376,372	38,664,459	39,493,398	828,939
EXPENDITURES:				
Current:				
0011 Instruction	22,951,943	21,090,574	18,846,671	2,243,903
0012 Instructional Resources and Media Services	322,829	402,786	310,302	92,484
0013 Curriculum and Instructional Staff Development	773,193	496,021	406,720	89,301
0021 Instructional Leadership	803,633	799,337	767,687	31,650
0023 School Leadership	2,105,298	2,126,091	2,098,190	27,901
0031 Guidance, Counseling, and Evaluation Services	948,332	866,821	808,064	58,757
0032 Social Work Services	365,007	336,007	284,963	51,044
0033 Health Services	433,075	435,993	394,881	41,112
0034 Student (Pupil) Transportation	1,560,185	2,865,705	2,666,899	198,806
0036 Extracurricular Activities	1,521,092	1,508,872	1,362,648	146,224
0041 General Administration	1,603,809	1,968,259	1,716,409	251,850
0051 Facilities Maintenance and Operations	4,210,791	5,630,825	4,076,527	1,554,298
0052 Security and Monitoring Services	233,687	238,737	220,558	18,179
0053 Data Processing Services	1,543,253	2,784,198	2,704,257	79,941
0061 Community Services	533,788	485,338	395,607	89,731
Debt Service:				
0071 Principal on Long-Term Debt	385,148	510,931	521,448	(10,517)
0072 Interest on Long-Term Debt	15,309	28,000	15,309	12,691
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	802,733	802,733	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	9,000	9,000	2,951	6,049
0095 Payments to Juvenile Justice Alternative Ed. Prg.	10,000	-	-	-
0099 Other Intergovernmental Charges	87,000	87,000	82,407	4,593
6030 Total Expenditures	40,416,372	43,473,228	38,485,231	4,987,997
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(4,808,769)	1,008,167	5,816,936
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	24,140	24,134	(6)
7913 Capital Leases	-	1,575,593	1,582,431	6,838
8911 Transfers Out (Use)	-	(228,818)	(238,917)	(10,099)
7080 Total Other Financing Sources (Uses)	-	1,370,915	1,367,648	(3,267)
OTHER FINANCING SOURCES (USES):				
7918 Special Item - Resource	40,000	40,000	-	(40,000)
1200 Net Change in Fund Balances	-	(3,397,854)	2,375,815	5,773,669
0100 Fund Balance - September 1 (Beginning)	12,832,340	12,832,340	12,832,340	-
3000 Fund Balance - August 31 (Ending)	\$ 12,832,340	\$ 9,434,486	\$ 15,208,155	\$ 5,773,669

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

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CUSTODIAL NET POSITION
CUSTODIAL FUNDS
AUGUST 31, 2021

	Private Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,383	\$ 33,331
Due from Other Funds	-	1,279
Restricted Assets	111,000	-
Total Assets	<u>112,383</u>	<u>\$ 34,610</u>
LIABILITIES		
Due to Other Funds	-	6,176
Total Liabilities	<u>-</u>	<u>6,176</u>
NET POSITION		
Restricted for Scholarships	112,383	-
Unrestricted Net Position	<u>-</u>	<u>28,434</u>
Total Net Position	<u>\$ 112,383</u>	<u>\$ 28,434</u>

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

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN CUSTODIAL FUND NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Received from Student Groups/Other	\$ -	\$ 18,325
Earnings from Temporary Deposits	401	-
Total Additions	<u>401</u>	<u>18,325</u>
DEDUCTIONS:		
Student Groups/Other	-	13,132
Total Deductions	<u>-</u>	<u>13,132</u>
Change in Fiduciary Net Position	401	5,193
Total Net Position - September 1 (Beginning)	<u>111,982</u>	<u>23,241</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 112,383</u></u>	<u><u>\$ 28,434</u></u>

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

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LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Worth Independent School District's (the "District") combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees are elected by the public. The trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basis financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Lake Worth Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.
3. **Custodial Funds** - These funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the custodial funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 90 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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.

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.

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as unearned revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

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In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

D. BUDGETARY CONTROL

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Child Nutrition Fund. The special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2021 <u>Fund Balance</u>
Appropriated Budget Funds	\$759,325
Nonappropriated Budget Funds	<u>94,572</u>
All Special Revenue Funds	<u>\$853,897</u>

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

F. PREPAID ITEMS

Prepaid balances are for payments made by the District in the current fiscal year to provide services occurring in the subsequent fiscal year, and the amount of prepayments has been recognized as nonspendable fund balance to signify that a portion of fund balance is not available for other subsequent expenditures.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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G. INVENTORIES

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources.

H. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances" and "internal advances".

I. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	15-30 Years
Furniture and Equipment	5-10 Years

Land and construction in progress are not depreciated.

J. COMPENSATED ABSENCES

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying government-wide financial statements or the governmental fund financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave accumulates but does not vest. Therefore, a liability for unused sick leave has not been recorded in either the government-wide financial statements or the governmental fund financial statements.

K. CASH EQUIVALENTS

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturity within one year or less.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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L. NET POSITION

Net position represents the difference between assets, deferred inflows, deferred outflows and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

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

N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at August 31, 2021 was \$5,690,921.

Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 6.7 years.

A deferred outflow for pension expense results from payments made to the TRS pension plan by the District after the plan's measurement date. The amount of deferred outflows reported in the statement of net position for deferred pension expenses at August 31, 2021 was \$5,001,502.

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Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 8.6 years. The amount of deferred outflows reported in the statement of net position for deferred OPEB expense at August 31, 2021 was \$2,509,442.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at August 31, 2021 was \$204,338.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period. In fiscal year 2021, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of \$2,110,388.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (8.6 years for the 2020 measurement year). In fiscal year 2021, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of \$8,618,755.

O. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 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.

P. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue and the related receivables and liabilities a District earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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Q. DATA CONTROL CODES

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

NOTE 2. FUND BALANCE

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items and inventories as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2021 for campus activities, District store and Scholarship fund activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District does not have any assigned fund balance as of August 31, 2021.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

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When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

The District does not have a minimum fund balance policy.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18) and are described below:

General Fund

The General Fund has unassigned fund balance of \$15,172,946 at August 31, 2021. Deferred expenditures (prepaid items) of \$1,030 and inventories of \$34,179 are considered nonspendable fund balance.

Other Major Funds

The Debt Service Fund has restricted funds of \$1,886,917 at August 31, 2021 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

Other Funds

The fund balance of \$91,004 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of \$1,950 of the Scholarship Fund is shown as committed as it consists of funds donated for that specific purpose. The fund balance of \$1,618 of the District Store is shown as committed for use in that activity. The fund balance of \$759,325 of the Child Nutrition Fund is shown as restricted for food service operations.

NOTE 3. 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 August 31, 2021, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$1,039,304, excluding petty cash of \$2,130, and the bank balance was \$1,427,818. The District's cash deposits at August 31, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name, but were not sufficiently covered on multiple one-day occasions throughout the fiscal year. The District has taken steps with its depository bank to obtain a letter of credit in those instances, which normally occurred when funds were transferred into the depository bank for payment of payroll.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2021, the District's cash balances totaled \$1,427,818. This entire amount was either secured by a letter of credit held by the District's financial institution's agent in the District's name or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2021, the District held all of its investments in two public funds investment pools (Lone Star and Texas Class). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk - This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Texas Class at year-end was AAAM (Standard & Poor's), and the credit quality rating for Lone Star was AA Af (Standard & Poor's).
- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the Texas Class and Lone Star investments is less than 60 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2021, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

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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.

The District's investments at August 31, 2021, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Lone Star	\$ 4,805,369	\$ 4,805,369
Texas Class	8,612,126	8,612,126
Total	<u>\$13,417,495</u>	<u>\$13,417,495</u>

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investment in Texas Class and Lone Star (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2021, was as follows:

	Balance September 1	Additions/ Completions	Retirement/ Adjustments	Balance August 31
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,168,883	\$ -	\$ -	\$ 2,168,883
Construction in Progress	-	2,091,808	-	2,091,808
Total capital assets, not being depreciated	<u>2,168,883</u>	<u>2,091,808</u>	<u>-</u>	<u>4,260,691</u>
Capital assets, being depreciated:				
Buildings and Improvements	100,284,323	811,282	-	101,095,605
Furniture and Equipment	8,559,917	1,790,865	(368,924)	9,981,858
Total capital assets, being depreciated	<u>108,844,240</u>	<u>2,602,147</u>	<u>(368,924)</u>	<u>111,077,463</u>
Less accumulated depreciation for:				
Buildings and Improvements	(41,202,914)	(2,670,101)	-	(43,873,015)
Furniture and Equipment	(6,941,685)	(566,349)	263,912	(7,244,122)
Total accumulated depreciation	<u>(48,144,599)</u>	<u>(3,236,450)</u>	<u>263,912</u>	<u>(51,117,137)</u>
Total capital assets being depreciated, net	<u>60,699,641</u>	<u>(634,303)</u>	<u>(105,012)</u>	<u>59,960,326</u>
Governmental activities capital assets, net	<u>\$ 62,868,524</u>	<u>\$ 1,457,505</u>	<u>\$ (105,012)</u>	<u>\$ 64,221,017</u>

Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$1,711,866
Instructional Resources & Media Services	84,469
School Leadership	94,008
Guidance, Counseling & Evaluation Services	12,060
Health Services	15,677
Student (Pupil) Transportation	188,045
Food Services	245,145
Cocurricular/Extracurricular Activities	307,672
General Administration	189,884
Plant Maintenance and Operations	252,635
Data Processing Services	134,989
Total depreciation expense-Governmental activities	<u>\$3,236,450</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, a maintenance tax note, capital leases, accreted interest and bond premiums. Debt service requirements for general obligation bonds are payable from the fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings. Debt service requirements for capital leases and the maintenance tax note are payable from General Fund revenues.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), 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.

**LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2021:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amount Original Issue</u>	<u>Amounts Outstanding 9/1/2020</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 8/31/2021</u>	<u>Due Within One Year</u>
Bonded Indebtness:							
1995 Refunding	5.55-8.16%	\$ 550,448	\$ 320,000	\$ -	\$ 100,000	\$ 220,000	\$ 95,000
2009 Refunding	1.40-4.43%	4,219,997	450,000	-	140,000	310,000	150,000
2012 Refunding	1.30-3.00%	8,366,671	8,345,842	-	464	8,345,378	249
2013 Refunding	1.55-2.45%	8,756,350	8,719,902	-	70,000	8,649,902	70,000
2014 Building	2.00-3.50%	4,135,000	2,720,000	-	265,000	2,455,000	270,000
2014 Refunding	1.75-3.50%	5,066,799	5,061,077	-	2,840	5,058,237	1,928
2015 Refunding	0.40-5.00%	9,623,740	7,280,000	-	875,000	6,405,000	940,000
2015A Refunding	0.83-5.00%	7,999,995	7,770,000	-	260,000	7,510,000	275,000
2015B Refunding	0.55-3.60%	1,544,999	1,185,000	-	90,000	1,095,000	95,000
2016 Refunding	0.50-4.00%	8,534,314	8,276,287	-	50,000	8,226,287	50,000
2017A Refunding	2.00-4.00%	6,930,000	5,395,000	-	495,000	4,900,000	510,000
2017B Refunding	2.00-4.00%	5,290,656	5,250,656	-	-	5,250,656	-
Total Bonds Payable			60,773,764	-	2,348,304	58,425,460	2,457,177
Accreted Interest			5,590,072	395,026	862,239	5,122,859	878,643
Premiums on Bond			7,411,220	-	615,766	6,795,454	615,766
Maintenance Tax Note			3,165,000	-	110,000	3,055,000	115,000
Capital Leases			276,142	1,582,431	521,448	1,337,125	415,666
Total Other Obligations			16,442,434	1,977,457	2,109,453	16,310,438	2,025,075
Total Long-Term Debt			\$ 77,216,198	\$ 1,977,457	\$ 4,457,757	\$ 74,735,898	\$ 4,482,252

The District has authorized but unissued unlimited tax bonds for school buildings that were authorized on December 4, 2004. Amount of original authorization was \$88,885,000 of which \$63,915,000 have been previously issued leaving an unissued balance of \$24,970,000.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2021.

NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS

Debt service requirements to maturity on the District's outstanding bonds are as follows:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2022	\$ 2,457,177	\$ 2,933,492	\$ 5,390,669
2023	2,536,438	2,865,056	5,401,494
2024	3,484,902	2,387,654	5,882,556
2025	4,200,000	1,709,356	5,909,356
2026	4,380,000	1,574,206	5,954,206
2027-2031	24,640,000	5,223,566	29,863,566
2032-2036	13,756,943	8,198,307	21,955,250
2037	2,970,000	59,400	3,029,400
	<u>\$58,425,460</u>	<u>\$24,951,037</u>	<u>\$83,376,497</u>

NOTE 7. DEFEASED BONDS OUTSTANDING

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

**LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On August 31, 2021, \$61,446,767 of bonds outstanding are considered defeased.

NOTE 8. MAINTENANCE TAX NOTES

In June, 2020 the District issued \$3,165,000 in Maintenance Tax Notes, Series 2020 for energy savings and replacement of HVAC units.

Issue/ Maturity Date	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Amounts Due Within One Year
2020/2040	2.50-4.00%	\$ 3,165,000	\$ 3,165,000	\$ -	\$ 110,000	\$ 3,055,000	\$ 115,000

The following is a summary of the District's future annual debt service requirements to maturity for maintenance tax notes:

Year Ended <u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2022	\$ 115,000	\$ 92,325	\$ 207,325
2023	120,000	87,725	207,725
2024	125,000	82,925	207,925
2025	130,000	77,925	207,925
2026	135,000	72,725	207,725
2027-2031	755,000	278,625	1,033,625
2032-2036	885,000	147,100	1,032,100
2037-2040	<u>790,000</u>	<u>40,000</u>	<u>830,000</u>
	<u>\$3,055,000</u>	<u>\$879,350</u>	<u>\$3,934,350</u>

NOTE 9. CAPITAL LEASES

Current year and prior year capital lease indebtedness of the District is reflected in the statement of net position. Current requirements for principal and interest expenditures are accounted for in the General Fund.

	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Amounts Due Within One Year
Server/firewall upgrade	4.80%	\$ 336,929	\$ 137,705	\$ -	\$ 67,238	\$ 70,467	\$ 70,467
Laptop computers	5.11%	361,908	138,437	-	110,893	27,544	27,544
10 school buses	1.95%	1,040,365	-	1,040,365	158,640	881,725	141,446
Surveillance cameras	2.82%	542,067	-	542,066	184,677	357,389	176,209
Total			<u>\$ 276,142</u>	<u>\$ 1,582,431</u>	<u>\$521,448</u>	<u>\$ 1,337,125</u>	<u>\$ 415,666</u>

The District incurred \$15,309 in interest expenditures during the year.

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The following is a summary of the District's future annual debt service requirements to maturity for capital leases:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2022	\$ 415,666	\$32,068	\$ 447,734
2023	325,385	19,546	344,931
2024	147,017	11,623	158,640
2025	149,883	8,757	158,640
2026	299,174	5,834	305,008
	<u>\$1,337,125</u>	<u>\$77,828</u>	<u>\$1,414,953</u>

NOTE 10. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. Tarrant Appraisal District (TAD) is responsible for the appraisal of property for all taxing units in Tarrant County, including the District. Under the terms of a contract for appraisal services, the District paid TAD \$82,407 in fiscal year 2021 for appraising property.

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2020-21 fiscal year was based was \$1,143,424,381. Taxes are delinquent if not paid by August 31. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0481 and \$0.4621 per \$100 valuation, respectively, for a total of \$1.5102 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2021 were 99.21% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled \$141,553 and \$62,785 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and deferred inflows of resources at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

The District has not entered into any tax abatement agreements in compliance with Tax Code Chapter 312.

The District has an agreement with Tarrant County Tax Office ("County") whereby the County bills and collects the District's property taxes.

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NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description. Lake Worth Independent School 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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detailed information about the 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://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.

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

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

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

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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	<u>Contribution Rates</u>	
	<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%
Lake Worth ISD FY2021 Employer Contributions		\$ 1,027,770
Lake Worth ISD FY2021 Member Contributions		\$ 2,166,725
Lake Worth ISD FY2021 NECE On-Behalf Contributions		\$ 1,357,556

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 the 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, 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 including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. The contribution rate called the Public Education Employer Contribution replaced the Non (OASDI) surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2020 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%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

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

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

The long-term rate of return on pension plan investments is 7.25%.

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 Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	3.9%	0.99%
Non-U.S. Developed	13%	5.1%	0.92%
Emerging Markets	9%	5.6%	0.83%
Private Equity	14%	6.7%	1.41%
Stable Value			
Government Bonds	16%	-.7%	-0.05%
Stable Value Hedge Funds	5%	1.9%	0.11%
Real Return			
Real Estate	15%	4.6%	1.01%
Energy, Natural Resources	6%	6%	0.42%
Risk Parity			
Risk Parity	8%	3%	0.30%
Leverage			
Cash	2%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation	-		2.00%
Volatility Drag ³	-		-0.67%
Total	<u>100%</u>		<u>7.33%</u>

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

¹ Target allocations are based on the FY20 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Lake Worth ISD's proportionate share of the net pension liability:	\$18,045,328	\$11,700,442	\$6,548,394

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, Lake Worth Independent School District reported a liability of \$11,700,442 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Lake Worth Independent School District. The amount recognized by Lake Worth Independent School 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 Lake Worth Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$11,700,442
State's proportionate share that is associated with the District	<u>17,621,810</u>
Total	<u>\$29,322,252</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0218463168%, a decrease of 4.13% from its proportionate share of 0.0227884438% at August 31, 2019.

Changes Since the Prior Actuarial Valuation – There were no changes in assumptions since the measurement period.

For the year ended August 31, 2021, Lake Worth Independent School District recognized pension expense of \$2,119,512 and revenue of \$2,119,512 for support provided by the State.

At August 31, 2021, Lake Worth Independent School 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 (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 21,364	\$ 326,528
Changes in actuarial assumptions	2,714,919	1,154,365
Difference between projected and actual investment earnings	521,225	284,359
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	716,224	345,136
Contributions paid to TRS subsequent to the measurement date	1,027,770	-
Total	\$5,001,502	\$2,110,388

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
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The net amounts of the District's balances of deferred outflows and inflows of resources (not including the deferred contributions paid subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2022	\$ 576,723
2023	683,780
2024	618,914
2025	175,506
2026	(169,524)
Thereafter	(22,055)

NOTE 12. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

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

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

* or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Lake Worth ISD FY21 Employer Contributions	\$241,146	
Lake Worth ISD FY21 Member Contributions	\$182,906	
Lake Worth ISD FY21 NECE On-behalf Contributions	\$295,801	

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

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

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 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.

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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 recent published scale (U-MP).

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%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at 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.

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 (2.33%) in measuring the Net OPEB Liability.

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	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 the Net OPEB Liability:	\$13,568,658	\$11,009,792	\$9,270,580

Healthcare Cost Trend Rates Sensitivity Analysis - The following shows the impact of the net OPEB liability if a healthcare trend rate that is one-percentage less than or one-percentage point greater than the health trend rates is assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$8,993,588	\$11,009,792	\$13,695,089

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2021, the District reported a liability of \$11,009,792 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	\$11,009,792
State's proportionate share that is associated with the District	<u>14,794,522</u>
Total	<u>\$25,804,314</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan 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 employer's proportion of the collective Net OPEB Liability was 0.028962042%, a decrease of 3.32% compared to the August 31, 2019 proportionate share of 0.0299573133%.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

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

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

**LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

For the year ended August 31, 2021, the amount of OPEB expense recognized by the District in the reporting period was \$(102,728).

At August 31, 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	\$ 576,468	\$5,038,644
Changes in actuarial assumptions	679,075	3,023,346
Difference between projected and actual investment earnings	3,802	225
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,008,951	556,540
Contributions paid to TRS subsequent to the measurement date	241,146	-
Total	\$2,509,442	\$8,618,755

The net amounts of the employer's balance of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2022	\$ (1,047,736)
2023	(1,048,214)
2024	(1,048,488)
2025	(1,048,413)
2026	(754,341)
Thereafter	(1,403,267)

NOTE 13. MEDICARE PART D

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 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. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2021, the contribution made on behalf of the District was \$125,491.

NOTE 14. OPERATING LEASES

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$30,727 for the year. The future minimum lease payments for active operating leases are summarized below:

Year Ending August 31	Amount
2022	\$ 8,423
2023	2,817
Thereafter	-

**LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

NOTE 15. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2021, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Special Revenue Fund	\$ 1,873	\$ 7,024
Debt Service Fund	32,439	426,041
Custodial Fund	6,176	1,279
Special Revenue Fund:		
General Fund	7,024	1,873
Debt Service Fund:		
General Fund	426,041	32,439
Custodial Fund:		
General Fund	<u>1,279</u>	<u>6,176</u>
TOTAL	<u>\$474,832</u>	<u>\$474,832</u>

Interfund receivables and payables generally arise from interfund loans between different funds with balances being repaid generally within one year.

Interfunds transfers for the year ended August 31, 2021 consisted of the following individual amounts:

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund:		
Capital Projects Fund	\$216,553	\$ -
Special Revenue Fund	22,364	-
Capital Projects Fund:		
General Fund	-	216,553
Special Revenue Fund:		
General Fund	<u>-</u>	<u>22,364</u>
TOTAL	<u>\$238,917</u>	<u>\$238,917</u>

The purpose of the \$216,553 transfer is to transfer from the general fund to the capital projects fund to cover the annual maintenance tax note debt service payment made out of that fund, plus other expenditures. The purpose of the \$22,364 transfer is to transfer funds from the general fund to the child nutrition fund to cover the cost of non-reimbursable snacks.

NOTE 16. HEALTH CARE

The District participates in TRS ActiveCare sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS ActiveCare provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. The plan is authorized by the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579, and by the Texas Administrative Code, Title 34, Part 3, Chapter 41. The District contributed approximately \$225 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS ActiveCare. That report may be obtained by visiting the TRS Website at www.trs.state.tx.us, by writing the Communications Department of the Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 17. WORKERS' COMPENSATION PROGRAM

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

NOTE 18. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2021, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 315,151	\$ 2,356,795	\$ 40,488	\$ 796	\$ 2,713,230
Debt Service Fund	114,476	358,890	426,041	-	899,407
Capital Projects Fund	-	-	-	-	-
Special Revenue Fund	-	3,600,130	7,024	12	3,607,166
Total - Governmental Activities	<u>\$ 429,627</u>	<u>\$ 6,315,815</u>	<u>\$ 473,553</u>	<u>\$ 808</u>	<u>\$ 7,219,803</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 225,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,289</u>

Payables at August 31, 2021, were as follows:

	Accounts	Salaries and Benefits	Due to Other Funds	Other	Total Payables
Governmental Activities:					
General Fund	\$ 713,184	\$ 1,563,364	\$ 434,344	\$ -	\$ 2,710,892
Debt Service Fund	-	-	32,439	-	32,439
Capital Projects Fund	-	-	-	-	-
Special Revenue Funds	16,404	-	1,873	-	18,277
Total - Governmental Activities	<u>\$ 729,588</u>	<u>\$ 1,563,364</u>	<u>\$ 468,656</u>	<u>\$ -</u>	<u>\$ 2,761,608</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 19. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Fund	State Grant & Entitlements	Federal Grants	Local Governments	Total
General	\$ 1,977,962	\$ 374,381	\$ 4,452	\$ 2,356,795
Debt Service Fund	358,890	-	-	358,890
Special Revenue	-	3,600,130	-	3,600,130
Total	<u>\$ 2,336,852</u>	<u>\$ 3,974,511</u>	<u>\$ 4,452</u>	<u>\$ 6,315,815</u>

NOTE 20. CONTINGENT LIABILITIES

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, is not known until as long as five years from the bond issuance date. At August 31, 2021, the estimated rebate liability on outstanding bond series was \$-0-.

NOTE 21. LITIGATION AND CONTINGENCIES

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

Minimum foundation funding received from the Texas Education Agency is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to the Agency. Federal funding for Food Services under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the USDA. Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

The programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

Tarrant Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 22. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property taxes	\$ 12,040,624	\$ -	\$ 5,312,613	\$ -	\$ 17,353,237
Investment income	10,954	62	560	414	11,990
Food sales	-	87,465	-	-	87,465
Penalties, interest and other tax related income	49,252	-	85,056	-	134,308
Co-curricular student activities	42,642	56,088	-	-	98,730
Tuition and fees	131,015	-	-	-	131,015
Gifts and bequests	-	24,406	-	-	24,406
Facilities rentals	19,778	-	-	-	19,778
Insurance recovery	15,597	-	-	-	15,597
Erate revenue	155,203	-	-	-	155,203
Other	137,972	-	-	-	137,972
Total	<u>\$ 12,603,037</u>	<u>\$ 168,021</u>	<u>\$ 5,398,229</u>	<u>\$ 414</u>	<u>\$ 18,169,701</u>

NOTE 23. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	Special Revenue Fund	Total
Food Commodities	\$ 26,926	\$ 26,926
State Textbook Fund	13,480	13,480
Advanced Placement Incentives	74	74
Total	<u>\$ 40,480</u>	<u>\$ 40,480</u>

NOTE 24. GENERAL FUND FEDERAL SOURCE REVENUES

<u>Program or Source</u>	<u>FALN Number</u>	<u>Amount</u>
General Fund:		
Coronavirus Relief Funds-TDEM	21.019	\$ 409,042
Coronavirus Relief Funds- Operation Connectivity Match	21.019	121,950
ESSER III Pre-award Costs	84.425	374,381
Medicaid Reimbursement	N/A	660,869
Indirect Costs	N/A	288,759
Total for General Fund		<u>\$1,855,001</u>

**LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

NOTE 25. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in no functional categories for the year ended August 31, 2021.

NOTE 26. SUBSEQUENT EVENT

Management has reviewed events subsequent to August 31, 2021 through December 1, 2021, which is the date the financial statements were available to be issued. The only subsequent event identified was the issuance of \$16,020,000 refunding bonds on September 15, 2021.

NOTE 27. NONMAJOR SPECIAL REFUND FUNDS FUND BALANCE

During the year ended August 31, 2021, the District implemented GASB Statement No. 84, Fiduciary Activities. As a result, the District's Scholarship Funds and the District Store activity both previously accounted for in a trust or agency fund were moved to a nonmajor special revenue fund. A reconciliation of the nonmajor nongovernmental funds fund balance is as follows:

Total nonmajor special revenue funds fund balance – August 31, 2020	\$567,700
Scholarship Fund fund balance transferred effective September 1, 2020	1,300
District Store fund balance transferred effective September 1, 2020	<u>300</u>
Total nonmajor special revenue funds fund balance – September 1, 2020	<u>\$569,300</u>

NOTE 28. RISKS AND UNCERTAINTIES

The outbreak of COVID-19, a respiratory disease caused by a new strain 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 the State of Texas. On January 31, 2021, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic, which disaster declaration he has subsequently extended. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation.

On June 3, 2021, TEA issued updated public planning health guidance in accordance with Executive Order GA-36 (which became effective June 5, 2021), to address on-campus instruction, administrative activities by teachers, staff or students that occur on school campuses, non-UIL extracurricular sports and activities, and any other activities that teachers, staff, or students must complete. Within the guidance, TEA instructs schools that, per Executive Order GA-36, school systems cannot require students or staff to wear a mask; however, school systems must allow individuals to wear a mask if they choose to do so.

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Within the guidance, TEA instructs schools to notify their local health department, in accordance with applicable federal, state, and local laws and regulations, including any applicable confidentiality requirements, of individuals who have been in a school and test-confirmed to have COVID-19. Additionally, upon receipt of information that any teacher, staff member, student, or visitor at a school is test-confirmed to have COVID-19, the school must submit a report to the Texas Department of Health Services via its online portal.

The TEA advised districts that for the 2020-2021 school year district funding would return to being based on “Average Daily Attendance” (being generally calculated as the sum of student attendance for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as “ADA”) calculations requiring attendance to be taken. However, the TEA has crafted an approach for determining ADA during the pandemic that provides districts with several options for determining daily attendance. These include remote synchronous instruction, remote asynchronous instruction, on-campus instruction and the Texas Virtual Schools Network. To stabilize funding expectations, districts were initially provided an ADA grace period for the first two six weeks of the 2020-2021 school year. If a district’s first two six-week average ADA is less than the ADA hold harmless projections (described below), the first two six-week attendance reporting periods for 2020-2021 were excluded from the calculation of annual ADA and student full-time equivalents (“FTE”) for Foundation School Program (“FSP”) funding purposes and replaced with the ADA and FTE hold harmless projections that were derived using a three-year average trend of final numbers from the 2017-2018 through 2019-2020 school years, unless the projection is both (i) 15% higher and (ii) 100 ADA higher than the 2020-2021 legislative planning estimate (“LPE”) projections provided by the TEA to the State legislature pursuant to Section 48.269 of the Texas Education Code, in which case the 2020-2021 LPE ADA and FTE were used as the hold harmless projections.

The ADA hold harmless projection was also available for the third six-week attendance reporting period, but only for those districts that allowed on-campus instruction throughout the entire third six-week period, as further described below. The ADA hold harmless methodology was identical to the methodology used for the first two six-week attendance reporting periods, except that the third six-week period was examined independent of the first two six-week attendance reporting periods.

The ADA hold harmless projection was extended for the remainder of the 2020-2021 school year (the fourth, fifth, and sixth six-week attendance reporting periods). In order to qualify, a district must meet certain criteria established by the TEA related to on-campus.

The full extent of the ongoing impact of COVID-19 on the District’s longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The District continues to monitor the spread of COVID-19 and is working with local, State and national agencies to address the potential impact of the Pandemic upon the District. 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. The District’s bonded debt is secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

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.

REQUIRED SUPPLEMENTARY INFORMATION

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

	FY 2021 <u>Plan Year 2020</u>	FY 2020 <u>Plan Year 2019</u>	FY 2019 <u>Plan Year 2018</u>
District's Proportion of the Net Pension Liability (Asset)	0.021846316%	0.022788444%	0.022361341%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 11,700,442	\$ 11,846,146	\$ 12,308,225
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	17,621,810	15,984,203	17,547,375
Total	<u>\$ 29,322,252</u>	<u>\$ 27,830,349</u>	<u>\$ 29,855,600</u>
District's Covered Payroll	\$ 25,846,323	\$ 23,630,994	\$ 22,837,954
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	45.27%	50.13%	53.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.021586%		0.020593%		0.020811%		0.0135448%	
\$	6,902,029	\$	7,781,792	\$	7,356,411	\$	3,618,003
10,316,171		12,425,576		12,366,190		10,397,251	
\$	17,218,200	\$	20,207,368	\$	19,722,601	\$	14,015,254
\$	21,777,000	\$	20,779,379	\$	20,249,210	\$	19,202,685
31.69%		37.45%		36.33%		18.84%	
82.17%		78.00%		78.43%		83.25%	

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

	2021	2020	2019
Contractually Required Contribution	\$ 1,027,770	\$ 901,384	\$ 797,488
Contribution in Relation to the Contractually Required Contribution	(1,027,770)	(901,384)	(797,488)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 28,139,282	\$ 25,846,323	\$ 23,630,994
Contributions as a Percentage of Covered Payroll	3.65%	3.49%	3.37%

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

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

2018		2017		2016		2015	
\$	954,816	\$	707,462	\$	654,292	\$	616,221
	(954,816)		(707,462)		(654,292)		(616,221)
\$	-	\$	-	\$	-	\$	-
\$ 22,837,954		\$ 21,777,000		\$ 20,779,379		\$ 20,249,210	
4.18%		3.25%		3.15%		3.04%	

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

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.028962074%	0.029957313%	0.028860181%	0.0277005%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 11,009,792	\$ 14,167,180	\$ 14,410,153	\$ 12,045,891
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	14,794,522	18,825,014	19,359,340	16,900,353
Total	<u>\$ 25,804,314</u>	<u>\$ 32,992,194</u>	<u>\$ 33,769,493</u>	<u>\$ 28,946,244</u>
District's Covered Payroll	\$ 25,846,323	\$ 23,630,994	\$ 22,837,954	\$ 21,777,000
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	42.60%	59.95%	63.10%	55.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

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

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

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

	2021	2020	2019	2018
Contractually Required Contribution	\$ 241,146	\$ 220,132	\$ 212,565	\$ 189,729
Contribution in Relation to the Contractually Required Contribution	(241,146)	(220,132)	(212,565)	(189,729)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 28,139,282	\$ 25,846,323	\$ 23,630,994	\$ 22,837,954
Contributions as a Percentage of Covered Payroll	0.86%	0.85%	0.90%	0.83%

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

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

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

PENSION LIABILITY:

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:

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

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

COMBINING SCHEDULES

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 556,728
1240	Due from Other Governments	64,881	227,157	5,245	210,010
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	12
1300	Inventories	-	-	-	26,926
1000	Total Assets	<u>\$ 64,881</u>	<u>\$ 227,157</u>	<u>\$ 5,245</u>	<u>\$ 793,676</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 7,425
2170	Due to Other Funds	64,881	227,157	5,245	-
2300	Unearned Revenue	-	-	-	26,926
2000	Total Liabilities	<u>64,881</u>	<u>227,157</u>	<u>5,245</u>	<u>34,351</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	759,325
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,325</u>
4000	Total Liabilities and Fund Balances	<u>\$ 64,881</u>	<u>\$ 227,157</u>	<u>\$ 5,245</u>	<u>\$ 793,676</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	272 Medicaid Admin. Claim MAC	276 Instructional Continuity	281 ESSER II	282 ESSER III
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,773	7,864	7,628	-	-	-	2,820,446	233,448
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 15,773</u>	<u>\$ 7,864</u>	<u>\$ 7,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,820,446</u>	<u>\$ 233,448</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,773	7,864	7,628	-	-	-	2,820,446	233,448
-	-	-	-	-	-	-	-
<u>15,773</u>	<u>7,864</u>	<u>7,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,820,446</u>	<u>233,448</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 15,773</u>	<u>\$ 7,864</u>	<u>\$ 7,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,820,446</u>	<u>\$ 233,448</u>

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

Data Control Codes		288 STOP School Violence Grant	289 ESEA Title IV Part A	397 Advanced Placement Incentives	410 State Instructional Materials
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 74	\$ 21,880
1240	Due from Other Governments	-	7,678	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 7,678</u>	<u>\$ 74</u>	<u>\$ 21,880</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 8,400
2170	Due to Other Funds	-	7,678	-	-
2300	Unearned Revenue	-	-	74	13,480
2000	Total Liabilities	<u>-</u>	<u>7,678</u>	<u>74</u>	<u>21,880</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 7,678</u>	<u>\$ 74</u>	<u>\$ 21,880</u>

427 Special Ed Fiscal Support	429 School Safety & Security Grant	461 Campus Activity Funds	480 District Store	481 Scholarship Fund	Total Nonmajor Special Revenue Funds	698 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 86,432	\$ 1,618	\$ 1,950	\$ 668,682	\$ -	\$ 668,682
-	-	-	-	-	3,600,130	-	3,600,130
-	-	7,024	-	-	7,024	-	7,024
-	-	-	-	-	12	-	12
-	-	-	-	-	26,926	-	26,926
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,456</u>	<u>\$ 1,618</u>	<u>\$ 1,950</u>	<u>\$ 4,302,774</u>	<u>\$ -</u>	<u>\$ 4,302,774</u>
\$ -	\$ -	\$ 579	\$ -	\$ -	\$ 16,404	\$ -	\$ 16,404
-	-	1,873	-	-	3,391,993	-	3,391,993
-	-	-	-	-	40,480	-	40,480
<u>-</u>	<u>-</u>	<u>2,452</u>	<u>-</u>	<u>-</u>	<u>3,448,877</u>	<u>-</u>	<u>3,448,877</u>
-	-	-	-	-	759,325	-	759,325
-	-	91,004	1,618	1,950	94,572	-	94,572
<u>-</u>	<u>-</u>	<u>91,004</u>	<u>1,618</u>	<u>1,950</u>	<u>853,897</u>	<u>-</u>	<u>853,897</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,456</u>	<u>\$ 1,618</u>	<u>\$ 1,950</u>	<u>\$ 4,302,774</u>	<u>\$ -</u>	<u>\$ 4,302,774</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 87,527
5800 State Program Revenues	-	-	-	46,270
5900 Federal Program Revenues	1,035,004	714,702	5,245	2,040,960
5020 Total Revenues	1,035,004	714,702	5,245	2,174,757
EXPENDITURES:				
Current:				
0011 Instruction	751,142	409,731	-	-
0013 Curriculum and Instructional Staff Development	271,798	340	-	-
0021 Instructional Leadership	-	1,475	-	-
0031 Guidance, Counseling, and Evaluation Services	-	303,156	5,245	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	1,861,580
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	43,570
0061 Community Services	12,064	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	1,035,004	714,702	5,245	1,905,150
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	269,607
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	22,364
1200 Net Change in Fund Balance	-	-	-	291,971
0100 Fund Balance - September 1 (Beginning)	-	-	-	467,354
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 759,325

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	272 Medicaid Admin. Claim MAC	276 Instructional Continuity	281 ESSER II	282 ESSER III
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43,461	122,335	81,392	637,461	32,710	21,024	2,564,066	233,448
43,461	122,335	81,392	637,461	32,710	21,024	2,564,066	233,448
43,461	-	54,636	637,461	-	21,024	2,564,066	103,424
-	122,335	23,408	-	-	-	-	97,132
-	-	-	-	-	-	-	26,720
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	6,172
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	32,710	-	-	-
-	-	-	-	-	-	-	-
-	-	3,348	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
43,461	122,335	81,392	637,461	32,710	21,024	2,564,066	233,448
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	288 STOP School Violence Grant	289 ESEA Title IV Part A	397 Advanced Placement Incentives	410 State Instructional Materials
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	89,798
5900 Federal Program Revenues	129,500	84,567	-	-
5020 Total Revenues	129,500	84,567	-	89,798
EXPENDITURES:				
Current:				
0011 Instruction	-	-	-	89,798
0013 Curriculum and Instructional Staff Development	-	84,567	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	129,500	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	129,500	84,567	-	89,798
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

427 Special Ed Fiscal Support	429 School Safety & Security Grant	461 Campus Activity Funds	480 District Store	481 Scholarship Fund	Total Nonmajor Special Revenue Funds	698 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 70,446	\$ 4,098	\$ 5,950	\$ 168,021	\$ 414	\$ 168,435
30,000	415	-	-	-	166,483	-	166,483
-	-	-	-	-	7,745,875	-	7,745,875
30,000	415	70,446	4,098	5,950	8,080,379	414	8,080,793
30,000	-	-	-	-	4,704,743	-	4,704,743
-	-	-	-	-	599,580	-	599,580
-	-	-	-	-	28,195	-	28,195
-	-	-	-	-	308,401	-	308,401
-	-	-	-	-	129,500	-	129,500
-	-	-	-	-	6,172	-	6,172
-	415	-	-	-	415	-	415
-	-	-	-	-	1,861,580	-	1,861,580
-	-	79,788	2,780	-	82,568	-	82,568
-	-	-	-	5,300	38,010	-	38,010
-	-	-	-	-	43,570	-	43,570
-	-	-	-	-	15,412	-	15,412
-	-	-	-	-	-	110,000	110,000
-	-	-	-	-	-	96,456	96,456
-	-	-	-	-	-	500	500
-	-	-	-	-	-	1,636,058	1,636,058
30,000	415	79,788	2,780	5,300	7,818,146	1,843,014	9,661,160
-	-	(9,342)	1,318	650	262,233	(1,842,600)	(1,580,367)
-	-	-	-	-	22,364	216,553	238,917
-	-	(9,342)	1,318	650	284,597	(1,626,047)	(1,341,450)
-	-	100,346	300	1,300	569,300	1,626,047	2,195,347
\$ -	\$ -	\$ 91,004	\$ 1,618	\$ 1,950	\$ 853,897	\$ -	\$ 853,897

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REQUIRED T.E.A. SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.170000	0.500000	696,690,479
2014	1.170000	0.500000	686,797,695
2015	1.170000	0.500000	747,535,988
2016	1.170000	0.500000	673,171,976
2017	1.170000	0.500000	774,248,024
2018	1.170000	0.500000	890,700,719
2019	1.170000	0.500000	970,736,467
2020	1.068400	0.500000	1,043,445,103
2021 (School year under audit)	1.048100	0.462100	1,143,424,381
1000 TOTALS			

(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 179,189	\$ -	\$ 2,974	\$ 1,082	\$ (12,526)	\$ 162,607
6,745	-	653	279	-	5,813
15,237	-	467	199	(303)	14,268
12,071	-	155	67	(395)	11,454
10,570	-	1,371	586	845	9,458
12,268	-	3,351	1,432	4,808	12,293
59,951	-	63,519	27,145	43,776	13,063
79,960	-	90,623	38,728	67,527	18,136
153,307	-	104,667	48,983	45,819	45,476
-	17,267,995	11,889,110	5,241,826	-	137,059
<u>\$ 529,298</u>	<u>\$ 17,267,995</u>	<u>\$ 12,156,890</u>	<u>\$ 5,360,327</u>	<u>\$ 149,551</u>	<u>\$ 429,627</u>

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 121,000	\$ 121,000	\$ 87,527	\$ (33,473)
5800 State Program Revenues	15,000	15,000	46,270	31,270
5900 Federal Program Revenues	2,407,000	2,407,000	2,040,960	(366,040)
5020 Total Revenues	2,543,000	2,543,000	2,174,757	(368,243)
EXPENDITURES:				
Current:				
0035 Food Services	2,490,674	2,659,205	1,861,580	797,625
0051 Facilities Maintenance and Operations	48,000	48,000	43,570	4,430
6030 Total Expenditures	2,538,674	2,707,205	1,905,150	802,055
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	4,326	(164,205)	269,607	433,812
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	37,000	37,000	22,364	(14,636)
1200 Net Change in Fund Balances	41,326	(127,205)	291,971	419,176
0100 Fund Balance - September 1 (Beginning)	467,354	467,354	467,354	-
3000 Fund Balance - August 31 (Ending)	\$ 508,680	\$ 340,149	\$ 759,325	\$ 419,176

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,688,087	\$ 5,688,087	\$ 5,398,229	\$ (289,858)
5800 State Program Revenues	166,317	166,317	894,254	727,937
5020 Total Revenues	5,854,404	5,854,404	6,292,483	438,079
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	2,348,304	2,348,304	2,348,304	-
0072 Interest on Long-Term Debt	2,975,403	2,975,403	2,975,403	-
0073 Bond Issuance Cost and Fees	25,000	25,000	11,343	13,657
6030 Total Expenditures	5,348,707	5,348,707	5,335,050	13,657
1200 Net Change in Fund Balances	505,697	505,697	957,433	451,736
0100 Fund Balance - September 1 (Beginning)	929,483	929,483	929,483	-
3000 Fund Balance - August 31 (Ending)	\$ 1,435,180	\$ 1,435,180	\$ 1,886,916	\$ 451,736

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FEDERAL AWARDS SECTION

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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*

To the Board of Trustees
Lake Worth Independent School District
Lake Worth, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Worth Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Lake Worth Independent School District's basic financial statements, and have issued our report dated December 1, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

December 1, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Lake Worth Independent School District
Lake Worth, Texas

Report on Compliance for Each Major Federal Program

We have audited Lake Worth 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 Lake Worth Independent School District's major federal programs for the year ended August 31, 2021. Lake Worth Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lake Worth 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 Lake Worth 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 Lake Worth Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Lake Worth 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 August 31, 2021.

Report on Internal Control Over Compliance

Management of Lake Worth 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 Lake Worth 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 Lake Worth Independent School District's internal control over compliance.

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

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

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



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

December 1, 2021

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:

ALN 84.425 Education Stabilization Fund
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021

None

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101220910	\$ 844,100
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101220910	21,488
ESEA, Title I, School Improvement	84.010A	21610141220910	178,233
Total Assistance Listing Number 84.010A			1,043,821
*IDEA - Part B, Formula	84.027	206600012209106600	58,879
*IDEA - Part B, Formula	84.027	216600012209106600	653,066
*IDEA - Part B, Formula	84.027	226600012209106600	17,525
Total Assistance Listing Number 84.027			729,470
Total Special Education Cluster (IDEA)			734,715
Career and Technical - Basic Grant	84.048	21420006220910	43,461
*IDEA - Part B, Preschool	84.173	216610012209106610	5,245
Title III, Part A - English Language Acquisition	84.365A	20671001220910	54,533
Title III, Part A - English Language Acquisition	84.365A	21671001220910	26,859
Total Assistance Listing Number 84.365A			81,392
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501220910	123,529
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501220910	7,038
Total Assistance Listing Number 84.367A			130,567
Instructional Continuity	84.377A	17610740220910	21,585
ESEA, Title IV, Part A	84.424A	20680101220910	14,927
ESEA, Title IV, Part A	84.424A	21680101220910	61,962
ESEA, Title IV, Part A	84.424A	22680101220910	7,678
Total Assistance Listing Number 84.424A			84,567
CRF Oper. Connectivity Prior Purch. Reimb. Prog.	84.425D	52102035	637,461
ESSER Relief Fund III	84.425D	21528001220910	233,448
ESSER Relief Fund II	84.425U	21521001220910	2,820,446
Total Assistance Listing Number 84.425			3,691,355
Total Passed Through State Department of Education			5,831,463
TOTAL U.S. DEPARTMENT OF EDUCATION			5,831,463
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-220910	32,710
Total Passed Through Texas Dept of Human Services			32,710
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			32,710
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
STOP School Violence	16.839	2019-YS-BX-0043	129,500
Total Direct Programs			129,500
TOTAL U.S. DEPARTMENT OF JUSTICE			129,500

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*Summer Seamless Option	10.555	71302101	207,225
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302101	110,425
*USDA EOC Reimbursement	10.555	01-220910-00296	230,484
Total Assistance Listing Number 10.555			548,134
*Summer Feeding Program - Cash Assistance	10.559	TX-220910	1,492,827
Total Child Nutrition Cluster			2,040,961
Total Passed Through the State Department of Agriculture			2,040,961
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,040,961
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 8,034,634

*Clustered Programs

LAKE WORTH INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.
- **General Fund** - is used to account for among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used in the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- Assistance listing numbers for commodity assistance are the assistance listing numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$288,759.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$8,034,634
SHARS Revenue reported in the General Fund	660,869
Tax Credit Revenue reported in the Debt Service Fund	-
Plus Revenue Received for Coronavirus Relief Fund for FY20 Expenditures	<u>905,373</u>
Total Federal Program Revenue	<u>\$9,600,876</u>

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