

MATHIS  
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022



**Lovvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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**MATHIS INDEPENDENT SCHOOL DISTRICT**

**DIRECTORY OF OFFICIALS**

**AUGUST 31, 2022**

**BOARD OF TRUSTEES**

MELINDA BARAJAS	PRESIDENT
RICK CORTEZ, JR.	VICE-PRESIDENT
MOISES ALFARO	SECRETARY
ANGIE TREJO	MEMBER
JUSTINE SABLATURA	MEMBER
SEAN ORSAK	MEMBER
RAMON ACOSTA, JR.	MEMBER

**OTHER OFFICIALS**

TIM NORMAN	SUPERINTENDENT
GAIL SHEPLER	CHIEF FINANCIAL OFFICER
VERONICA GARZA	DIRECTOR OF SPECIAL EDUCATION
VERONICA GUTIERREZ	MATH CURRICULUM INSTRUCTIONAL COACH
CHRISTINA ALVARADO	FEDERAL PROGRAMS AND ASSESSMENTS DIRECTOR
SONJA GOMEZ	READING CURRICULUM INSTRUCTIONAL COACH
DERWARD STEVENS	ATHLETIC DIRECTOR

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Mathis Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2022

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## Introductory Section

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## CERTIFICATE OF BOARD

Mathis Independent School District  
Name of School District

San Patricio  
County

205-904  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on the 13<sup>th</sup> day of December, 2022.

Moises Alfaro  
Board Secretary

Melinda Barajas  
Board President

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

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## Financial Section

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**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

**Independent Auditor's Report**

To the Board of Trustees  
Mathis Independent School District  
P. O. Box 1177  
Mathis, Texas 78368

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mathis Independent School District ("the District"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Mathis Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mathis Independent School District as of August 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mathis Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Mathis Independent School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mathis Independent School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement

when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mathis Independent School District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic

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

#### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022 on our consideration of Mathis Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mathis Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Lovvorn & Kieschnick, LLP". The signature is written in a cursive, flowing style.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX  
December 8, 2022

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## *Management's Discussion and Analysis*

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# MATHIS INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2022 UNAUDITED

This section of Mathis Independent School District (the "District") financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

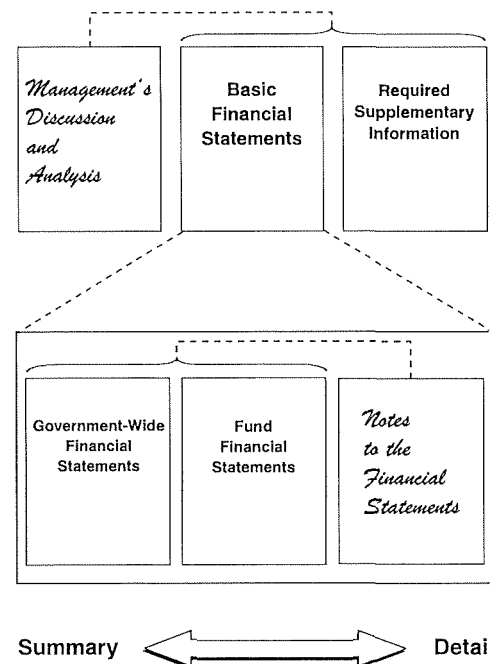
- The District's total combined net position was \$22,050,979 as of August 31, 2022.
- During the year, the District's expenses were \$1,921,673 less than the \$29,091,728 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$12,846,180.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of

the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

### **The District has the following kinds of funds:**

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Internal Service fund*—The District's worker compensation insurance coverage costs are accounted for in an internal service fund. Costs related to worker compensation insurance coverage services provided to parties inside the District are distributed to the users of support services on a cost-reimbursement basis.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net Position

Net position may serve time as a useful indicator of the District's financial position. The District's combined net position was 22,050,979 as of August 31, 2022. (See Table A-1.)

**Table A-1**  
Mathis Independent School District's Net Position

	Governmental Activities		Total Percentage Change 2022-2021
	2022	2021	
<b>Assets:</b>			
Cash and Cash Equivalents	7,737,349	9,418,350	-17.8%
Investments	7,344,476	10,299,082	-28.7%
Property Taxes Receivable (Net)	1,666,847	1,489,283	11.9%
Due from Other Governments	2,581,862	2,194,262	17.7%
Other Receivables (Net)	360,325	9,800	3576.8%
Other Assets	-	9,292	-100.0%
<b>Capital Assets:</b>			
Land	715,385	715,385	0.0%
Construction in Progress	2,694,196	11,376,644	-76.3%
Buildings, Furniture, and Equipment, (Net)	37,421,266	26,640,669	40.5%
Total Assets	60,521,705	62,152,767	-2.6%
<b>Deferred Outflows of Resources:</b>			
Deferred Charge for Refunding	264,764	282,008	-6.1%
Deferred Outflow Related to Pensions	2,062,476	2,386,501	-13.6%
Deferred Outflow Related to OPEB	1,941,715	1,627,193	19.3%
Total Deferred Outflows of Resources	4,268,955	4,295,702	-0.6%
<b>Liabilities:</b>			
Accounts Payable	290,943	1,038,156	-72.0%
Interest Payable	37,873	41,630	-9.0%
Accrued Expenses	1,171,086	1,195,589	-2.0%
Due to Other Governments	573,276	1,454,037	-60.6%
Unearned Revenue	8,290	3,663	126.3%
<b>Non-current Liabilities:</b>			
Due Within One Year	1,088,596	1,055,928	3.1%
Due in More than One Year	23,600,986	25,049,582	-5.8%
Net Pension Liability	2,692,002	5,407,812	-50.2%
Net OPEB Liability	5,966,293	5,771,223	3.4%
Total Liabilities	35,429,345	41,017,620	-13.6%
<b>Deferred Inflows of Resources:</b>			
Deferred Inflow Related to Pensions	3,160,473	1,075,791	193.8%
Deferred Inflow Related to OPEB	4,149,864	4,226,015	-1.8%
Total Deferred Inflows of Resources	7,310,336	5,301,806	37.9%
<b>Net Position:</b>			
Net Investment in Capital Assets	16,649,508	16,015,101	4.0%
Restricted for:			
State & Federal Programs	1,118,970	1,380,020	-18.9%
Debt Service	3,086,939	2,229,636	38.5%
Unrestricted	1,195,562	504,557	137.0%
Total Net Position	22,050,979	20,129,314	9.5%

The District continues to be fiscally conservative and has unrestricted net position of \$1,195,562. The unrestricted net position of the District has increased by \$691,005 during the current fiscal year.

## Changes in Net Position

The District's total revenues were \$29,091,728. A portion, 31.9%, of the District's revenue comes from local taxes, approximately 30.3% comes from state aid, 35.3% from operating grants, 0.8% from charges for services, and 1.7% other.

The total cost of all programs and services was \$27,170,055.

## Governmental Activities

Property tax rates were \$1.3646: M&O \$0.9604 and I&S \$0.4042.

- The cost of all governmental activities this year was \$27,170,055. (See Table A-2.)
- However, the amount that our taxpayers paid for these activities through property taxes was \$9,271,753.
- Grants and contributions 10,268,844.

**Table A-2**  
Changes in Mathis Independent School District's Net Position

	Governmental Activities		Total Percentage Change 2022-2021
	2022	2021	
<b>Program Revenues:</b>			
Charges for Services	239,815	182,169	31.6%
Operating Grants and Contributions	10,268,844	7,477,294	37.3%
<b>General Revenues:</b>			
Property Taxes	9,271,753	8,454,787	9.7%
State Aid	8,811,800	11,801,587	-25.3%
Other Local Revenues	499,516	186,459	167.9%
Total Revenues	29,091,728	28,102,296	3.5%
<b>Expenses:</b>			
Instruction	12,712,946	13,322,555	-4.6%
Instructional Resources and Media Services	355,630	448,869	-20.8%
Curriculum and Staff Development	243,214	68,693	254.1%
Instructional Leadership	7,187	4,494	59.9%
School Leadership	1,340,201	1,374,808	-2.5%
Guidance, Counseling and Evaluation Services	406,072	397,361	2.2%
Social Work Services	72,148	506	14158.5%
Health Services	179,822	183,880	-2.2%
Student Transportation	1,027,540	665,681	54.4%
Food Services	2,348,038	1,793,020	31.0%
Extracurricular Activities	868,682	813,308	6.8%
General Administration	1,144,971	1,009,995	13.4%
Plant Maintenance & Operations	3,838,462	3,014,625	27.3%
Security & Monitoring Services	43,442	56,964	-23.7%
Data Processing Services	269,607	251,383	7.2%
Community Services	54,387	129,452	-58.0%
Interest on Long-term Debt	818,368	834,656	-2.0%
Bond Issuance Costs and Fees	16,886	2,000	744.3%
Capital Outlay	1,321,816	22,350	5814.2%
Other Intergovernmental Charges	100,636	96,806	4.0%
Total Expenses	27,170,055	24,491,406	10.9%
<b>Change in Net Position</b>	<b>1,921,673</b>	<b>3,610,890</b>	<b>-46.8%</b>

Table A-3 represents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what state revenues as well as local tax dollars funded.

**Table A-3**

Net Cost of Selected Mathis Independent School District Functions

	Total Cost of Services			Net Cost of Services		
	2022	2021	% Change	2022	2021	% Change
Instruction	12,712,946	13,322,555	-4.6%	7,072,237	8,462,675	-16.4%
General Administration	1,144,971	1,009,995	13.4%	1,083,438	982,942	10.2%
Plant Maintenance & Operations	3,838,462	3,014,625	27.3%	2,311,283	2,717,579	-15.0%
Food Services	2,348,038	1,793,020	31.0%	71,680	(95,893)	174.7%

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues from governmental fund types totaled \$29,923,796.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget as necessary to cover unforeseen expenses. Staffing is budgeted for full employment throughout the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2022, the District had assets of \$66,181,344 in a broad range of capital assets, including land, construction in progress, equipment, buildings, and vehicles. (See Table A-4.)

**Table A-4**

Mathis Independent School District's Capital Assets  
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2022	2021	2022-2021
Land	0.72	0.72	0.0%
Construction in Progress	2.69	11.38	-76.4%
Buildings and Improvements	58.04	46.67	24.4%
Vehicles	2.34	1.97	18.8%
Equipment	2.39	1.94	23.2%
Total Assets at Historical Cost	66.18	62.68	5.6%
Total Accumulated Depreciation	(25.35)	(23.95)	5.8%
Net Capital Assets	40.83	38.73	5.4%

## Long-Term Obligations

At year-end the District had \$33,347,877 in obligation for bonds and net pension and net OPEB liability as shown in Table A-5. More detailed information about the District's obligations is presented in the notes to the financial statements.

The District had the following obligations at August 31, 2022:

### Bond Ratings

The District's unlimited-tax school building bonds presently carry "BBB+" from Standard and Poors underlying rating (SPUR) with outlook as Stable.

**Table A-5**  
Mathis Independent School District's Long-Term Obligations

	Governmental Activities		Total Percentage Change 2022-2021
	2022	2021	
Bonds and Notes Payable	24,689,582	26,105,510	-5.4%
Net Pension Liability	2,692,002	5,407,812	-50.2%
Net OPEB Liability	5,966,293	5,771,223	3.4%
Total Long-Term Obligations	<u>33,347,877</u>	<u>37,284,545</u>	-10.6%

## ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

- The District's 2022-2023 total enrollment is 1,458, and the District's refined average daily attendance is approximately 1,359. TEA will be reducing state funding significantly due to the U.S. Department of Education awarding ESSER II and ESSER III Funding. ESSER II funding can be used until September 30, 2023, and ESSER III funding can be utilized until September 30, 2023.
- The Appraisal values used for the 2022-2023 budget have increased and the District tax rate for M & O will be \$0.942940.
- Grant opportunities and the increase in property value will help the District close the financial gap in budgeting to allow for a balanced budget due to continual reductions in State Funding. In 2022-2023 MISD was awarded the 21<sup>st</sup> Century, Year 4 Grant, GEAR-UP Year 4 Grant in addition to the ESSER Grants listed above.
- ESSER funds will be used for renovation projects, instructional needs, technology investments and adding additional positions to instructional and counseling staff. Freed local funds will be used to purchase three new buses, increase longevity pay and purchase furnishings for classrooms.
- The District will be receiving approximately \$796,754 from the Pacific Windmill Project & the El Algodon Alto Windmill project.
- The District has applied for a solar farm 313 agreement; it should be approved by May 31, 2023.
- The District is increasing school safety on a daily basis with increased allocated funds from fund balance.
- Mathis ISD will conduct facility reviews to establish a working list of infrastructure repairs needed.

## **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 the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, Mathis ISD, 602 E. San Patricio, (PO Box 1179) Mathis, TX 78368.

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## Basic Financial Statements

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**MATHIS INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes		1	Governmental Activities
	<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$	7,737,349
1120	Current Investments		7,344,476
1225	Property Taxes Receivable (Net)		1,666,847
1240	Due from Other Governments		2,581,862
1290	Other Receivables (Net)		360,325
	Capital Assets:		
1510	Land		715,385
1520	Buildings and Improvements, Net		35,620,763
1530	Furniture and Equipment, Net		1,800,503
1580	Construction in Progress		2,694,196
1000	Total Assets		<u>60,521,705</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
1701	Deferred Charge for Refunding		264,764
1705	Deferred Outflow Related to Pensions		2,062,476
1706	Deferred Outflow Related to OPEB		1,941,715
1700	Total Deferred Outflows of Resources		<u>4,268,955</u>
	<b>LIABILITIES:</b>		
2110	Accounts Payable		290,943
2140	Interest Payable		37,873
2165	Accrued Liabilities		1,171,086
2180	Due to Other Governments		573,276
2300	Unearned Revenue		8,290
	Noncurrent Liabilities:		
2501	Due Within One Year		1,088,596
2502	Due in More Than One Year		23,600,986
2540	Net Pension Liability		2,692,002
2545	Net OPEB Liability		5,966,293
2000	Total Liabilities		<u>35,429,345</u>
	<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2605	Deferred Inflow Related to Pensions		3,160,473
2606	Deferred Inflow Related to OPEB		4,149,864
2600	Total Deferred Inflows of Resources		<u>7,310,336</u>
	<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets		16,649,508
	Restricted For:		
3820	Federal and State Programs		1,118,970
3850	Debt Service		3,086,939
3900	Unrestricted		1,195,562
3000	Total Net Position	\$	<u>22,050,979</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 12,712,946	\$ 48,975	\$ 5,591,734	\$ (7,072,237)
12	Instructional Resources and Media Services	355,630	--	26,704	(328,926)
13	Curriculum and Staff Development	243,214	--	185,431	(57,783)
21	Instructional Leadership	7,187	--	359	(6,828)
23	School Leadership	1,340,201	--	138,196	(1,202,005)
31	Guidance, Counseling, and Evaluation Services	406,072	--	28,460	(377,612)
32	Social Work Services	72,148	--	72,762	614
33	Health Services	179,822	--	12,366	(167,456)
34	Student Transportation	1,027,540	--	312,126	(715,414)
35	Food Service	2,348,038	126,734	2,149,624	(71,680)
36	Cocurricular/Extracurricular Activities	868,682	64,106	4,306	(800,270)
41	General Administration	1,144,971	--	61,533	(1,083,438)
51	Facilities Maintenance and Operations	3,838,462	--	1,527,179	(2,311,283)
52	Security and Monitoring Services	43,442	--	2,242	(41,200)
53	Data Processing Services	269,607	--	14,441	(255,166)
61	Community Services	54,387	--	49,382	(5,005)
72	Interest on Long-term Debt	818,368	--	--	(818,368)
73	Bond Issuance Costs and Fees	16,886	--	--	(16,886)
81	Capital Outlay	1,321,816	--	91,999	(1,229,817)
99	Other Intergovernmental Charges	100,636	--	--	(100,636)
TG	Total Governmental Activities	<u>27,170,055</u>	<u>239,815</u>	<u>10,268,844</u>	<u>(16,661,396)</u>
TP	Total Primary Government	<u>\$ 27,170,055</u>	<u>\$ 239,815</u>	<u>\$ 10,268,844</u>	<u>(16,661,396)</u>
General Revenues:					
MT	Property Taxes, Levied for General Purposes				5,297,681
DT	Property Taxes, Levied for Debt Service				2,799,171
	Chapter 313 Payments				1,174,901
IE	Investment Earnings				86,383
GC	Grants and Contributions Not Restricted to Specific Programs				8,811,800
MI	Miscellaneous				413,133
TR	Total General Revenues				<u>18,583,069</u>
CN	Change in Net Position				1,921,673
NB	Net Position - Beginning				20,129,306
NE	Net Position - Ending				<u>\$ 22,050,979</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 5,190,723	\$ 2,369,580	\$ 14,754	\$ 7,575,057
1120 Current Investments	6,843,671	26,521	474,284	7,344,476
1225 Taxes Receivable, Net	1,288,661	378,186	--	1,666,847
1240 Due from Other Governments	2,020,263	--	561,599	2,581,862
1260 Due from Other Funds	625,448	--	--	625,448
1290 Other Receivables	9,800	350,525	--	360,325
1000 Total Assets	<u>15,978,566</u>	<u>3,124,812</u>	<u>1,050,637</u>	<u>20,154,015</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 202,590	\$ --	\$ 39,985	\$ 242,575
2150 Payroll Deductions and Withholdings	100,862	--	--	100,862
2160 Accrued Wages Payable	962,776	--	107,448	1,070,224
2170 Due to Other Funds	--	--	625,449	625,449
2180 Due to Other Governments	573,276	--	--	573,276
2300 Unearned Revenue	4,222	--	4,068	8,290
2000 Total Liabilities	<u>1,843,726</u>	<u>--</u>	<u>776,950</u>	<u>2,620,676</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
2601 Unavailable Revenue - Property Taxes	1,288,660	378,185	--	1,666,845
2600 Total Deferred Inflows of Resources	<u>1,288,660</u>	<u>378,185</u>	<u>--</u>	<u>1,666,845</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	1,090,507	--	28,463	1,118,970
3470 Capital Acquisitions and Contractual Obligations	--	--	243,479	243,479
3480 Retirement of Long-Term Debt	--	2,746,627	--	2,746,627
Committed Fund Balances:				
3510 Construction	550,000	--	--	550,000
3545 Other Committed Fund Balance	650,000	--	1,745	651,745
3600 Unassigned	10,555,673	--	--	10,555,673
3000 Total Fund Balances	<u>12,846,180</u>	<u>2,746,627</u>	<u>273,687</u>	<u>15,866,494</u>
Total Liabilities, Deferred Inflow 4000 of Resources and Fund Balances	<u>\$ 15,978,566</u>	<u>\$ 3,124,812</u>	<u>\$ 1,050,637</u>	<u>\$ 20,154,015</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
AUGUST 31, 2022

Total fund balances - governmental funds balance sheet	\$ 15,866,494
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	40,830,847
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,666,846
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	113,924
Payables for bond principal which are not due in the current period are not reported in the funds.	(20,085,000)
Payables for debt interest which are not due in the current period are not reported in the funds.	(37,873)
Payables for notes which are not due in the current period are not reported in the funds.	(2,094,608)
Premiums on issuance of bonds to be amortized over life of debt.	(2,509,974)
Deferred charge for refunding is expended in the funds, but is amortized in the statement of net position.	264,764
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,692,002)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(3,160,473)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,062,476
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(5,966,293)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(4,149,864)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	1,941,715
Net position of governmental activities - Statement of Net Position	<u>\$ 22,050,979</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 6,984,509	\$ 2,745,502	\$ 112,802	\$ 9,842,813
5800 State Program Revenues	10,459,168	--	12,776	10,471,944
5900 Federal Program Revenues	3,176,671	--	6,432,368	9,609,039
5020 Total Revenues	<u>20,620,348</u>	<u>2,745,502</u>	<u>6,557,946</u>	<u>29,923,796</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	8,613,339	--	4,483,504	13,096,843
0012 Instructional Resources and Media Services	364,406	--	7,558	371,964
0013 Curriculum and Staff Development	59,754	--	182,307	242,061
0021 Instructional Leadership	6,800	--	--	6,800
0023 School Leadership	1,350,031	--	67,103	1,417,134
0031 Guidance, Counseling, and Evaluation Services	422,370	--	6,271	428,641
0032 Social Work Services	--	--	72,871	72,871
0033 Health Services	186,198	--	2,638	188,836
0034 Student Transportation	660,508	--	277,345	937,853
0035 Food Service	2,538,173	--	--	2,538,173
0036 Cocurricular/Extracurricular Activities	759,889	--	104,580	864,469
0041 General Administration	1,167,770	--	--	1,167,770
0051 Facilities Maintenance and Operations	2,442,638	--	1,270,489	3,713,127
0052 Security and Monitoring Services	41,724	--	--	41,724
0053 Data Processing Services	273,491	--	--	273,491
0061 Community Services	1,438	--	52,808	54,246
0071 Principal on Long-term Debt	220,796	1,060,000	--	1,280,796
0072 Interest on Long-term Debt	61,710	878,033	--	939,743
0073 Bond Issuance Costs and Fees	400	16,486	--	16,886
0081 Capital Outlay	1,604,600	--	2,892,907	4,497,507
0099 Other Intergovernmental Charges	100,636	--	--	100,636
6030 Total Expenditures	<u>20,876,671</u>	<u>1,954,519</u>	<u>9,420,381</u>	<u>32,251,571</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(256,323)</u>	<u>790,983</u>	<u>(2,862,435)</u>	<u>(2,327,775)</u>
1200 Net Change in Fund Balances	<u>(256,323)</u>	<u>790,983</u>	<u>(2,862,435)</u>	<u>(2,327,775)</u>
0100 Fund Balances - Beginning	13,102,503	1,955,644	3,136,122	18,194,269
3000 Fund Balances - Ending	<u>\$ 12,846,180</u>	<u>\$ 2,746,627</u>	<u>\$ 273,687</u>	<u>\$ 15,866,494</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2022

Net change in fund balances - total governmental funds \$ (2,327,775)

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	3,502,041
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,403,883)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	177,563
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,060,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	220,796
(Increase) decrease in accrued interest from beginning of period to end of period.	3,487
The net revenue (expense) of internal service funds is reported with governmental activities.	78,142
Collection of long term note receivables do not provide revenue in the SOA, but are reported as current resources.	(9,292)
Amortization of bond premium and deferred amount is an expense in the SOA, but not in the funds.	117,888
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	307,103
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	<u>195,603</u>

Change in net position of governmental activities - Statement of Activities \$ 1,921,673

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

## INTERNAL SERVICE FUND

AUGUST 31, 2022

Data Control Codes		Nonmajor Internal Service Fund
	<b>ASSETS:</b>	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 162,292
	Total Current Assets	162,292
1000	Total Assets	162,292
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2110	Accounts Payable	\$ 48,368
	Total Current Liabilities	48,368
2000	Total Liabilities	48,368
	<b>NET POSITION:</b>	
3900	Unrestricted	113,924
3000	Total Net Position	\$ 113,924

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

<u>Data Control Codes</u>		<u>Nonmajor Internal Service Fund</u>
	<b>OPERATING REVENUES:</b>	
5700	Local and Intermediate Sources	\$ 125,541
5020	Total Revenues	<u>125,541</u>
	<b>OPERATING EXPENSES:</b>	
6400	Other Operating Costs	<u>47,399</u>
6030	Total Expenses	<u>47,399</u>
1300	Change in Net Position	78,142
0100	Total Net Position - Beginning	35,782
3300	Total Net Position - Ending	<u><u>\$ 113,924</u></u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	125,441
Cash Payments to Employees for Services	--
Cash Payments to Other Suppliers for Goods and Services	(52,639)
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	<u>72,802</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
Proceeds (Payments) from (for) Borrowings	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
<b>Cash Flows from Investing Activities:</b>	
Interest and Dividends on Investments	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	72,802
Cash and Cash Equivalents at Beginning of Year	89,490
Cash and Cash Equivalents at End of Year	<u>\$ 162,292</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 78,142
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation	--
Provision for Uncollectible Accounts	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	--
Decrease (Increase) in Prepaid Expenses	--
Increase (Decrease) in Accounts Payable	(5,340)
Increase (Decrease) in Interfund Payables	--
Increase (Decrease) in Accrued Expenses	--
Total Adjustments	<u>(5,340)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 72,802</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

AUGUST 31, 2022

Data Control Codes		Private-purpose Trust Fund	Custodial Fund
		Student Scholarships	Student Activity
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ --	\$ 67,681
1800	Restricted Assets	17,191	--
1000	Total Assets	<u>17,191</u>	<u>67,681</u>
<b>LIABILITIES:</b>			
2000	Total Liabilities	<u>--</u>	<u>--</u>
<b>NET POSITION:</b>			
<b>Restricted for:</b>			
3800	Student Scholarships	\$ 17,191	\$ --
3800	Student Activities	--	67,681
3000	Total Net Position	<u>\$ 17,191</u>	<u>\$ 67,681</u>

The accompanying notes are an integral part of this statement.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

	Private Purpose Trust Fund Student Scholarships	Custodial Funds Student Activity
<b>ADDITIONS:</b>		
Investment Income	\$ 26	\$ --
Fundraising Activities	--	104,132
Total Additions	<u>26</u>	<u>104,132</u>
<b>DEDUCTIONS:</b>		
Student Activities	--	117,251
Student Scholarships	--	--
Total Deductions	<u>--</u>	<u>117,251</u>
<b>Change in Fiduciary Net Position</b>	26	(13,119)
Net Position-Beginning of the Year	17,165	80,800
Prior Period Adjustment	--	--
Net Position-End of the Year	<u>\$ 17,191</u>	<u>\$ 67,681</u>

The accompanying notes are an integral part of this statement.

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**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

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

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

**a. Basis of Presentation**

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Debt Service Fund: This fund is used to account for the District's debt service property tax revenue and related debt service expenditures for bonded debt.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022

In addition, the District reports the following fund types:

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

b. **Measurement Focus, Basis of Accounting**

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

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. **Property Taxes**

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

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

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

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

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Vehicles	5-10
Equipment	5-20
Computer Equipment	3-15

e. Deferred Outflows and Inflows of Resources

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

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

f. Receivable and Payable Balances

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

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Except for delinquent taxes, there are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

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

h. Use of Estimates

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

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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for which amounts had been restricted, committed or assigned.

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS 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.

At August 31, 2022, the District reported the following:

Net Pension Asset	\$	
Net Pension Liability	\$	2,692,002

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the District implemented GASB Statement No. 87, Leases. Management had determined that the District does not have any leases that meet the requirement to be recorded under the provisions of GASB Statement No. 87, Leases.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

# MATHIS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

### 2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

### C. Deposits and Investments

The Public Funds Investment Act (Texas 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.

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, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was 7,822,221 and the bank balance was 8,579,917. The District's cash deposits at August 31, 2022 and during the year ended August 31, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

#### 2. Investments:

As of August 31, 2022 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
Investment Pools:				
Investment in TexPool	\$ 6,130,687	\$ 6,130,687	\$ --	\$ --
Investment in Lone Star Pool	1,213,789	1,213,789	--	--
Total Fair Value	<u>\$ 7,344,476</u>	<u>\$ 7,344,476</u>	<u>\$ --</u>	<u>\$ --</u>

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Interest Rate Risk - In accordance with state law and District policy, the District does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the District's investment policy investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The District's investments in investment pools were rated AAA.

Concentration of Credit Risk - The District does not place a limit on the amount the District may invest in any one issuer. The District does not have a concentration of credit risk.

Custodial Credit Risk - For an investment, custodial credit risk 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. The District does not have a custodial credit risk.

The local government investment pool such as TexPool and Lone Star Pool is not evidenced by securities in physical form. They are managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pool seeks to maintain a \$1 value per share as required by the Texas Public Investment Act.

Federated Investors manages the assets, provides participant services, and arranges for all custody and other functions in support of TexPool operations under a contract with the State Comptroller of Public Accounts. The state comptroller maintains oversight responsibility for TexPool, including the ability to influence operations, designation of management and accountability for fiscal matters. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the District's position in TexPool is the same as the value of TexPool shares.

Lone Star Investment Pool is administered by FIRST Public. The fair value of the funds in Lone Star is also the same as the value of Lone Star shares.

Limitations exist for withdrawals in this way: ACH (Automated Clearing House) withdrawals from TexPool or Lone Star are restricted to the account designated by the direct deposit form currently on record. The current authorized direct deposit form designates only the District Depository Bank as the entity to use for deposits or withdrawals by ACH. The Superintendent must authorize any new or replacement direct deposit form that would alter or replace the depository bank.

Limitations exist for wire transfers in this way: A Wire Transfer to or from TexPool requires two signatures from authorized representatives in order to be processed.

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 715,385	\$ --	\$ --	\$ 715,385
Construction in progress	11,376,644	2,694,196	11,376,644	2,694,196
Total capital assets not being depreciated	<u>12,092,029</u>	<u>2,694,196</u>	<u>11,376,644</u>	<u>3,409,581</u>

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Capital assets being depreciated:				
Buildings and improvements	46,668,516	11,370,930	--	58,039,446
Equipment	1,951,494	441,256	--	2,392,750
Vehicles	1,967,264	372,303	--	2,339,567
Total capital assets being depreciated	<u>50,587,274</u>	<u>12,184,489</u>	<u>--</u>	<u>62,771,763</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,211,738)	(1,206,945)	--	(22,418,683)
Equipment	(1,235,099)	(97,804)	--	(1,332,903)
Vehicles	(1,499,777)	(99,134)	--	(1,598,911)
Total accumulated depreciation	<u>(23,946,614)</u>	<u>(1,403,883)</u>	<u>--</u>	<u>(25,350,497)</u>
Total capital assets being depreciated, net	<u>26,640,660</u>	<u>10,780,606</u>	<u>--</u>	<u>37,421,266</u>
Governmental activities capital assets, net	<u>\$ 38,732,689</u>	<u>\$ 13,474,802</u>	<u>\$ 11,376,644</u>	<u>\$ 40,830,847</u>

Depreciation was charged to functions as follows:

Instruction	\$ 685,105
Instructional Resources and Media Services	19,165
Curriculum and Staff Development	13,107
Instructional Leadership	387
School Leadership	72,224
Guidance, Counseling, & Evaluation Services	21,883
Social Work Services	3,888
Health Services	9,691
Student Transportation	99,134
Food Services	144,124
Extracurricular Activities	46,814
General Administration	61,703
Plant Maintenance and Operations	206,856
Security and Monitoring Services	2,341
Data Processing Services	14,529
Community Services	2,932
	<u>\$ 1,403,883</u>

**E. Interfund Balances and Activities**

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

Balances due to and due from other funds at August 31, 2022, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 625,448	Short-term loans
	Total	<u>\$ 625,448</u>	

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

**2. Transfers To and From Other Funds**

There were no transfers to and from other funds at August 31, 2022.

**F. Long-Term Obligations**

**1. Long-Term Obligation Activity**

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On October 20, 2021, the District used \$735,550 of its own resources from the Debt Service Fund to advance refund \$700,000 of outstanding series 2019 Unlimited Tax School Building Bonds with interest rates of 2.00%-4.00%. The District used these resources to purchase U.S. Government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on refunded portions of the 2019 series bonds. As a result, that portion of the 2019 series bonds is considered defeased, and the District has removed the liability from its accounts.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2022, Mathis Independent School District, are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/21	Issued	Retired	Amounts Outstanding 8/31/22	Amounts Due Within One Year
Unlimited Tax Refunding Bonds Series 2016	2.00% to 4.00%	5,185,000	3,155,000	--	150,000	3,005,000	155,000
Unlimited Tax Refunding Bonds Series 2017	2.00% to 4.00%	4,180,000	3,365,000	--	55,000	3,310,000	60,000
Unlimited Tax School Building Bonds, Series 2019	2.00% to 5.00%	12,200,000	12,200,000	--	700,000	11,500,000	350,000
Unlimited Tax Refunding Bonds Series 2020	3.00% to 4.00%	2,575,000	2,425,000	--	155,000	2,270,000	160,000
Sub-Total - Bonds			<u>21,145,000</u>	<u>--</u>	<u>1,060,000</u>	<u>20,085,000</u>	<u>725,000</u>
Maintenance Tax Notes Series 2012	3.50%	1,030,000	651,685	--	49,588	602,097	51,324
Loan STAR Revolving Loan Series 2016	0.25%	405,592	153,719	--	51,208	102,511	52,140
Maintenance Tax Notes Series 2017	2.57%	1,900,000	1,510,000	--	120,000	1,390,000	125,000
Sub-Total - Bonds & Notes			<u>23,460,404</u>	<u>--</u>	<u>1,280,796</u>	<u>22,179,608</u>	<u>953,464</u>
Bond Premiums on Refunding			2,645,106	--	135,132	2,509,974	135,132
Total Bonds & Notes			<u>26,105,510</u>	<u>--</u>	<u>1,415,928</u>	<u>24,689,582</u>	<u>1,088,596</u>
Other Liabilities:							
Net Pension Liability			5,407,812	(2,264,705)	451,105	2,692,002	--
Net OPEB Liability			5,771,223	315,902	120,832	5,966,293	--
Total Governmental Activities			<u>\$ 37,284,545</u>	<u>\$ (1,948,803)</u>	<u>\$ 1,987,865</u>	<u>\$ 33,347,877</u>	<u>\$ 1,088,596</u>

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2. Debt Service Requirements

Governmental Activity Debt service requirements on long-term debt at August 31, 2022, are as follows:

Year Ending August 31,	General Obligation Bonds			Maintenance Tax Notes and Revolving Loan		
	Principal	Interest	Total	Principal	Interest	Total
2023	375,000	830,175	1,205,175	227,564	56,858	284,422
2024	770,000	818,925	1,588,925	229,392	51,818	281,210
2025	795,000	795,100	1,590,100	184,979	46,716	231,695
2026	820,000	770,450	1,590,450	191,903	41,451	233,354
2027	850,000	743,350	1,593,350	193,895	35,989	229,884
2028-2032	4,675,000	3,196,000	7,871,000	1,066,876	93,062	1,159,938
2033-2037	5,825,000	2,073,650	7,898,650	--	--	--
2038-2042	4,365,000	948,350	5,313,350	--	--	--
2043-2044	1,610,000	121,750	1,731,750	--	--	--
Totals	<u>\$ 20,085,000</u>	<u>\$ 10,297,750</u>	<u>\$ 30,382,750</u>	<u>\$ 2,094,609</u>	<u>\$ 325,894</u>	<u>\$ 2,420,503</u>

General Obligation Bonds are paid by the Debt Service Fund. Maintenance Tax Notes are paid by the General Fund.

Defeased Bonds Outstanding -

The District had \$1,385,000 of defeased bonds outstanding as of August 31, 2022.

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

Mathis Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Events 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 Mathis Independent School District.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2022, 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.

Unemployment Compensation

During the year ended August 31, 2022, Mathis ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct an independent financial audit

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after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

**Worker's Compensation**

The District has established the Worker's Compensation fund to account for and finance workers compensation claims. It is a modified self-insurance plan known as School Comp. The plan year began September 1, 2021 and ended September 1, 2022. The District's maximum financial exposure for the plan year is \$127,939. Any costs above \$127,939 for the 2021-2022 plan year are the shared responsibility of the remaining School Comp members. The District's self-insured retention per occurrence is \$38,382. Costs for any one claim above the self-insured retention are the shared responsibility of the remaining School Comp members. Excess insurance is provided by Safety National Casualty Corporation and admitted carrier. The policy provides for specific stop-loss attachment at \$350,000 per occurrence and aggregate stop-loss attachment at \$9,862,369. Settled claims have not exceeded this commercial coverage in any of the past three fiscal year.

All funds of the District participated in the program and make payments to the fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for losses relating to catastrophes. That reserve was \$113,924 at 8/31/22, and is reported as reserved Net Assets of the Worker's Compensation Internal Service Fund. The claims liability of \$48,368 reported in the fund at 8/31/22, is based on the requirements of Governmental Accounting Standards board 10, which requires that a liability for claims be reported if information prior to the insurance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities during the past year are:

	Year Ended 08/31/22	Year Ended 08/31/21
Unpaid claims, beginning of year	53,708	\$ 48,737
Current year claims and changes in estimate	47,399	84,871
Claim payments	(52,739)	(79,900)
Unpaid claims, end of year	<u>48,368</u>	<u>\$ 53,708</u>

**H. Pension Plan**

**1. Plan Description**

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

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

**2. Pension Plan Fiduciary Net Position**

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about%20publications.aspx> ; by writing to TRS

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at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

4. Contributions

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

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

<u>Contribution Rates</u>		
	<u>2021</u>	<u>2022</u>
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
District's 2022 Employer Contributions		\$ 564,604
District's 2022 Member Contributions		\$ 1,013,193
2021 NECE On-Behalf Contributions (State)		\$ 614,804

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**5. Actuarial Assumptions**

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95% *
Last year ending August 31 in Projection Period	2120
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

\* The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2020.

**6. Discount Rate**

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be 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

# MATHIS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022

plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
<b>Stable Value</b>			
Government Bonds	16.0%	(0.2)%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
<b>Real Return</b>			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
<b>Risk Parity</b>	8.0%	2.8%	0.28%
<b>Asset Allocation Leverage</b>			
Cash	2.0%	(0.7)%	(0.01)%
Asset Allocation Leverage	(6.0%)	(0.5)%	0.03%
<b>Inflation Expectation</b>			2.20%
<b>Volatility Drag ****</b>	-		(0.95)%
<b>Expected Return</b>	<u>100.0%</u>		<u>6.90%</u>
* Absolute Return includes Credit Sensitive Investments.			
** Target allocations are based on the FY2021 policy model.			
*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)			
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

### 7. Discount Rate Sensitivity Analysis

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

# MATHIS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 5,882,452	\$ 2,692,002	\$ 103,579

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

At August 31, 2022, the District reported a liability of \$2,692,002 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,692,002
State's proportionate share that is associated with District	<u>3,668,886</u>
Total	<u>\$ 6,360,888</u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0105707738%, which was an increase (decrease) of 0.0004736521% from its proportion measured as of August 31, 2020.

### 9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$272,169 and revenue of \$14,668 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 4,505	\$ 189,519
Changes in Actuarial Assumptions	951,570	414,803
Difference Between Projected and Actual Investment Earnings	--	2,257,208
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	541,797	298,943

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

Contributions paid to TRS subsequent to the measurement date  
of the Net Pension Liability (to be calculated by employer)

564,604 --

Total

\$ 2,062,476 \$ 3,160,473

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

Year ended August 31,	Pension Expense Amount
2023	\$ (280,419)
2024	\$ (283,840)
2025	\$ (456,349)
2026	\$ (650,845)
2027	\$ 3,213
Thereafter	\$ 5,639

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

**1. Plan Description**

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

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

**2. OPEB Plan Fiduciary Net Position**

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

**3. Benefits Provided**

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

4. Contributions

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	
	<u>2022</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

District's 2022 Employer Contributions	\$ 137,245
District's 2022 Member Contributions	\$ 82,321
2021 NECE On-Behalf Contributions (state)	\$ 161,888

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

5. Actuarial Assumptions

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NOTES TO THE FINANCIAL STATEMENTS  
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The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Health Care Trend Rates	8.5% to 4.25%
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an an ultimate trend rate of 4.25 percent over a period of 12 years.

6. Discount Rate

A single discount rate of 1.95 percent was used to measure the Total OPEB Liability. This was a decrease of 0.38 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, 2021 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 7,196,725	\$ 5,966,293	\$ 4,997,904

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

At August 31, 2022, the District reported a liability of \$5,966,293 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	\$ 5,966,293
State's proportionate share that is associated with the District	\$ 7,993,504
Total	<u>\$ 13,959,797</u>

The Net OPEB liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the District's proportion of the collective net OPEB liability was 0.0154669491%, which was an increase (decrease) of 0.0002853185% from its proportion measured as of August 31, 2020.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 4,832,500	\$ 5,966,293	\$ 7,487,563

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the Total OPEB Liability.

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

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
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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	\$ 256,877	\$ 2,888,103
Changes in actuarial assumptions	660,837	1,261,761
Difference between projected and actual investment earnings	6,477	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	880,279	--
Contributions paid to TRS subsequent to the measurement date	137,245	
Total	<u>\$ 1,941,715</u>	<u>\$ 4,149,864</u>

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

Year ended August 31:	OPEB Expense Amount
2023	\$ (487,767)
2024	\$ (487,913)
2025	\$ (487,874)
2026	\$ (330,826)
2027	\$ (118,207)
Thereafter	\$ (432,807)

For the year ended August 31, 2022, the District recognized OPEB expense of \$(353,379) and revenue of \$(295,021) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2022, the subsidy payment received by TRS-Care on behalf of the District was \$52,692.

J. Employee Health Care Coverage

During the year ended August 31, 2022, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$368 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2022, and terms of coverage and premium costs are included in the contractual provisions.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

Latest financial statements for the Blue Cross Blue Shield and Group Pension Administrators are available and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

**K. Commitments and Contingencies**

**1. Contingencies**

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

**2. Litigation**

At August 31, 2022 the District was not involved in any lawsuits or other legal actions which, in Administration's opinion, (based on discussion with legal counsel) would result in any direct loss to the District which would be material to its financial position.

**L. 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, 2022, are reported on the combined financial statements as Due from Other Governments and are summarized below:

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 1,233,427	\$ 786,836	\$ 2,020,263
Special Revenue	1,829	559,771	561,599
Total	<u>\$ 1,235,256</u>	<u>\$ 1,346,607</u>	<u>\$ 2,581,862</u>

**M. Unearned Revenue**

Unearned revenue at year end consisted of the following:

<u>Revenue Description</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Unearned Revenue</u>
Other	\$ 4,222	\$ --	\$ 4,222
Grant Programs	--	4,068	4,068
Total Unearned Revenue	<u>\$ 4,222</u>	<u>\$ 4,068</u>	<u>\$ 8,290</u>

**N. Fund Balances**

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2022:

General Fund

Restricted:

Child Nutrition Program \$ 1,090,507

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022

Committed:	
Construction and renovation	550,000
Capital expenditures for equipment	150,000
Technology	250,000
Storm replacement	250,000
	<u>1,200,000</u>
Unassigned:	<u>10,555,673</u>
Total General Fund fund balance	<u>12,846,180</u>
Debt Service Fund:	
Restricted:	
Retirement of Long-Term Debt	<u>2,746,627</u>
Other Governmental Funds	
Restricted:	
State Textbook	28,463
Construction of facilities	<u>243,479</u>
Committed:	
Campus Activity Funds	<u>1,745</u>
Total Other Governmental Fund fund balance	<u>273,687</u>
Total Governmental fund balance	<u>\$ 15,866,494</u>

O. Food Service Operations Reported in General Fund

Beginning in 2011 fiscal year end, the District entered into a Provision #2 program with Child Nutrition, and such Districts do not charge students for meals. As required by the Financial Accountability System Resource Guide, revenues and expenditures for the Provision #2 Child Nutrition Program have been reported in the General Fund for 2021-2022. The following is a summary of the Food Service Operations included in the General Fund.

Data Control Codes		Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Revenue:	Original	Final	Actual	
5700	Local	\$ 105,152	\$ 105,152	\$ 131,451	\$ 26,299
5800	State Program	12,264	12,264	4,959	(7,305)
5900	Federal Program	2,108,029	2,125,145	2,279,687	154,542
5020	Total Revenue	<u>2,225,445</u>	<u>2,242,561</u>	<u>2,416,097</u>	<u>173,536</u>
	Expenditures:				
0035	Food Services	2,050,485	2,915,601	2,538,173	377,428
0051	Plant Maintenance and Operations	174,960	154,960	138,974	15,986
6030	Total Expenditures	<u>2,225,445</u>	<u>3,070,561</u>	<u>2,677,147</u>	<u>393,414</u>
7915	Operating Transfer In	--	--	--	--
1200	Net Change in Fund Balance	--	(828,000)	(261,050)	566,950

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

0100	Fund Balance - Beginning	1,351,558	1,351,558	1,351,558	--
3000	Fund Balance - Ending	<u>\$ 1,351,558</u>	<u>\$ 523,558</u>	<u>\$ 1,090,508</u>	<u>\$ 566,950</u>

**P. Tax Abatements**

The Mathis ISD Board of Trustees has approved agreements with various companies for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The applications, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that a company terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec. 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

Below is the abatement information that is required by GASB Statement No. 77 for M&O purposes. It includes the net benefit to the District but does not include any I&S impact.

	< A >	< B >	< C >	< D >	< E >	< F >	< G >
	Project	Project's	Amount of	Amount of	Company	Company	Net Benefit
	Value	Value	Applicant's	Applicant's	Revenue Loss	Supplemental	(Loss) to the
	2021	Limitation	Amount of	Amount of	Payment to	Payment to	School District
Project	2021	Amount	M&O Taxes	M&O Taxes	School District	School District	2021
		2021	Paid 2021	Reduced 2021	2021	2021	(E+F)
1.	\$167,762,430	\$20,000,000	\$192,070	\$1,419,036	\$988,413	\$186,488	\$1,174,901
2.	\$0	\$0			\$0	\$0	\$0

**Project Description**

1. Karankawa Wind (Application #1178)  
First Year Value Limitation: 2020

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2022

2. El Algodon Alto Wind Farm (Application #1492)  
First Year Value Limitation: 2022

## Required Supplementary Information

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

# MATHIS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 6,869,368	\$ 6,944,368	\$ 6,984,509	\$ 40,141
5800	State Program Revenues	11,209,372	9,716,872	10,459,168	742,296
5900	Federal Program Revenues	3,078,197	3,095,313	3,176,671	81,358
5020	Total Revenues	21,156,937	19,756,553	20,620,348	863,795
EXPENDITURES:					
Current:					
	Instruction and Instructional Related Services:				
0011	Instruction	9,478,845	9,426,345	8,613,339	813,006
0012	Instructional Resources and Media Services	442,104	471,604	364,406	107,198
0013	Curriculum and Staff Development	94,200	94,200	59,754	34,446
	Total Instruction and Instr. Related Services	10,015,149	9,992,149	9,037,499	954,650
	Instructional and School Leadership:				
0021	Instructional Leadership	7,500	7,500	6,800	700
0023	School Leadership	1,366,877	1,416,877	1,350,031	66,846
	Total Instructional and School Leadership	1,374,377	1,424,377	1,356,831	67,546
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	454,617	529,736	422,370	107,366
0032	Social Work Services	5,000	4,881	--	4,881
0033	Health Services	220,995	220,995	186,198	34,797
0034	Student (Pupil) Transportation	535,576	680,885	660,508	20,377
0035	Food Services	2,050,485	2,915,601	2,538,173	377,428
0036	Cocurricular/Extracurricular Activities	955,681	956,487	759,889	196,598
	Total Support Services - Student (Pupil)	4,222,354	5,308,585	4,567,138	741,447
	Administrative Support Services:				
0041	General Administration	1,048,218	1,283,412	1,167,770	115,642
	Total Administrative Support Services	1,048,218	1,283,412	1,167,770	115,642
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	2,156,855	2,994,060	2,442,638	551,422
0052	Security and Monitoring Services	74,899	74,899	41,724	33,175
0053	Data Processing Services	272,644	279,739	273,491	6,248
	Total Support Services - Nonstudent Based	2,504,398	3,348,698	2,757,853	590,845
	Ancillary Services:				
0061	Community Services	5,000	5,000	1,438	3,562
	Total Ancillary Services	5,000	5,000	1,438	3,562
	Debt Service:				
0071	Principal on Long-Term Debt	222,000	222,000	220,796	1,204
0072	Interest on Long-Term Debt	65,250	65,250	61,710	3,540
0073	Bond Issuance Costs and Fees	2,000	127,000	400	126,600
	Total Debt Service	289,250	414,250	282,906	131,344
	Capital Outlay:				
0081	Capital Outlay	1,583,191	3,237,691	1,604,600	1,633,091
	Total Capital Outlay	1,583,191	3,237,691	1,604,600	1,633,091
0099	Other Intergovernmental Charges	115,000	115,000	100,636	14,364

**MATHIS INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2022

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Total Intergovernmental Charges	<u>115,000</u>	<u>115,000</u>	<u>100,636</u>	<u>14,364</u>
6030	Total Expenditures	<u>21,156,937</u>	<u>25,129,162</u>	<u>20,876,671</u>	<u>4,252,491</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(5,372,609)</u>	<u>(256,323)</u>	<u>5,116,286</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>(5,372,609)</u>	<u>(256,323)</u>	<u>5,116,286</u>
0100	Fund Balance - Beginning	13,102,503	13,102,503	13,102,503	--
3000	Fund Balance - Ending	<u>\$ 13,102,503</u>	<u>\$ 7,729,894</u>	<u>\$ 12,846,180</u>	<u>\$ 5,116,286</u>

MATHIS 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, 2022

	Measurement Year Ended August 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0105707738%	0.0100971217%	0.0107674007%	0.0089921564%	0.0095477644%	0.0097162229%	0.0102482000%	0.0073772000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,692,002	\$ 5,407,812	\$ 5,597,231	\$ 4,949,501	\$ 3,052,861	\$ 3,671,616	\$ 3,622,602	\$ 1,970,552
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	3,668,886	7,854,180	7,717,708	9,088,516	5,089,027	6,466,382	6,145,538	5,407,526
Total	<u>\$ 6,360,888</u>	<u>\$ 13,261,992</u>	<u>\$ 13,314,939</u>	<u>\$ 14,038,017</u>	<u>\$ 8,141,888</u>	<u>\$ 10,137,998</u>	<u>\$ 9,768,140</u>	<u>\$ 7,378,078</u>
District's Covered Payroll	\$ 11,891,104	\$ 11,511,921	\$ 11,227,246	\$ 10,656,824	\$ 10,109,296	\$ 10,350,557	\$ 22,327,598	\$ 21,554,555
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	22.64%	46.98%	49.85%	46.44%	30.20%	35.47%	16.22%	9.14%
Plan Fiduciary Net Position as a % of Total Pension Liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

MATHIS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 564,604	\$ 451,105	\$ 416,256	\$ 376,872	\$ 303,312	\$ 302,848	\$ 653,258	\$ 646,499
Contribution in Relation to Contractually Required Contribution	(564,604)	(451,105)	(416,256)	(376,872)	(303,312)	(302,848)	(653,258)	(646,499)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,664,929	\$ 11,891,104	\$ 11,511,921	\$ 11,227,246	\$ 10,656,824	\$ 10,109,296	\$ 23,453,444	\$ 22,327,598
Contributions as a % of Covered Payroll	4.46%	3.79%	3.62%	3.36%	2.85%	3.00%	2.79%	2.90%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

MATHIS 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, 2022

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0154669491%	0.0151816306%	0.0151722533%	0.0136261560%	0.0134021639%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 5,966,293	\$ 5,771,223	\$ 7,175,144	\$ 6,803,664	\$ 5,828,098
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	7,993,504	7,755,141	9,534,162	8,639,806	7,238,740
Total	<u>\$ 13,959,797</u>	<u>\$ 13,526,364</u>	<u>\$ 16,709,306</u>	<u>\$ 15,443,470</u>	<u>\$ 13,066,838</u>
District's Covered Payroll	\$ 11,891,104	\$ 11,511,921	\$ 11,227,246	\$ 10,656,824	\$ 10,109,296
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	50.17%	50.13%	63.91%	63.84%	57.65%
Plan Fiduciary Net Position as a % of Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

MATHIS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,				
	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 137,245	\$ 120,832	\$ 115,395	\$ 107,681	\$ 94,001
Contribution in Relation to Contractually Required Contribution	(137,245)	(120,832)	(115,395)	(107,681)	(94,001)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 12,664,929	\$ 11,891,104	\$ 11,511,921	\$ 11,227,246	\$ 10,656,824
Contributions as a % of Covered Payroll	1.08%	1.02%	1.00%	0.96%	0.88%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2022

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

## Other Supplementary Information

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

**MATHIS INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2022

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2013 and Prior Years	\$	Various	\$	Various	\$	Various
2014		1.17		.2048		347,579,066
2015		1.17		.234		365,149,786
2016		1.17		.233		365,256,166
2017		1.17		.2647		343,341,495
2018		1.17		.2647		342,647,104
2019		1.17		.2596		342,930,039
2020		1.0684		.4042		367,131,507
2021		.9631		.4042		513,996,489
2022 (School Year Under Audit)		.9604		.4042		570,657,652
1000 Totals						

10 Beginning Balance 9/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/22
\$ 432,612	\$ --	\$ 15,992	\$ 3,059	\$ (18,182)	\$ 395,379
79,948	--	7,840	1,372	--	70,736
93,360	--	9,415	1,883	--	82,062
121,786	--	21,464	4,274	49	96,097
146,165	--	26,419	5,976	4,988	118,758
195,286	--	32,813	7,423	28,110	183,160
193,373	--	32,740	7,265	12,645	166,013
236,793	--	31,166	11,791	6,787	200,623
362,281	--	97,459	40,904	12,347	236,265
--	7,786,909	4,782,628	2,610,200	140,383	534,464
<u>\$ 1,861,604</u>	<u>\$ 7,786,909</u>	<u>\$ 5,057,936</u>	<u>\$ 2,694,147</u>	<u>\$ 187,127</u>	<u>\$ 2,083,557</u>

## Levies and Collections

Fiscal Year End	Levy Year	Tax Year	Total Tax Collection	Percent of Levy
08/31/13	2013	3,727,794	3,637,059	97.57%
08/31/14	2014	4,748,081	4,562,856	96.10%
08/31/15	2015	5,083,776	4,969,731	97.76%
08/31/16	2016	5,121,721	4,944,565	96.54%
08/31/17	2017	4,928,900	4,781,759	97.01%
08/31/18	2018	4,999,424	4,734,001	94.69%
08/31/19	2019	4,995,832	4,882,049	97.72%
08/31/20	2020	5,389,585	5,419,482	100.55%
08/31/21	2021	7,158,215	7,253,636	101.33%
08/31/22	2022	7,927,292	7,752,083	97.79%

**MATHIS INDEPENDENT SCHOOL DISTRICT**

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM  
AS OF AUGUST 31, 2022

Data Control Codes		Responses
<b><u>Section A: Compensatory Education Programs</u></b>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,886,876
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 1,769,754
<b><u>Section B: Bilingual Education Programs</u></b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 14,168
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 13,025

**MATHIS INDEPENDENT SCHOOL DISTRICT**
**EXHIBIT J-3**

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 2,628,466	\$ 2,628,466	\$ 2,745,502	\$ 117,036
5800	State Program Revenues	31,789	31,789	--	(31,789)
5020	Total Revenues	<u>2,660,255</u>	<u>2,660,255</u>	<u>2,745,502</u>	<u>85,247</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,756,255	2,496,269	1,060,000	1,436,269
0072	Interest on Long-Term Debt	900,000	900,000	878,033	21,967
0073	Bond Issuance Costs and Fees	4,000	16,486	16,486	--
	Total Debt Service	<u>2,660,255</u>	<u>3,412,755</u>	<u>1,954,519</u>	<u>1,458,236</u>
6030	Total Expenditures	<u>2,660,255</u>	<u>3,412,755</u>	<u>1,954,519</u>	<u>1,458,236</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(752,500)	790,983	1,543,483
1200	Net Change in Fund Balance	--	(752,500)	790,983	1,543,483
0100	Fund Balance - Beginning	1,955,644	1,955,644	1,955,644	--
3000	Fund Balance - Ending	<u>\$ 1,955,644</u>	<u>\$ 1,203,144</u>	<u>\$ 2,746,627</u>	<u>\$ 1,543,483</u>

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**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Board of Trustees  
Mathis Independent School District  
P. O. Box 1177  
Mathis, Texas 78368

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mathis Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Mathis Independent School District's basic financial statements, and have issued our report thereon dated December 8, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "Lovvorn & Kieschnick, LLP". The script is cursive and fluid.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX  
December 8, 2022

**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

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

Board of Trustees  
Mathis Independent School District  
P. O. Box 1177  
Mathis, Texas 78368

Members of the Board of Trustees:

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

**Opinion on Each Major Federal Program**

We have audited Mathis Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Mathis Independent School District's major federal programs for the year ended August 31, 2022. Mathis Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mathis Independent School District complied, in all material respects, with the 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, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mathis Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Mathis Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mathis Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Lovvorn & Kieschnick, LLP". The script is cursive and fluid.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX

December 8, 2022

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**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

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

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

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

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

Version of compliance supplement used in audit: April 2022

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)??        Yes   X   No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.287C	21st Century Community Learning
84.425D	CRRSA ESSER II
84.425U	ARP ESSER III
84.425W	ARP Homeless II

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

Auditee qualified as low-risk auditee?   X   Yes        No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior findings		

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2022

<u>Program</u>	<u>Corrective Action Plan</u>
N/A	No corrective action required

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

EXHIBIT K-1

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass- Through Entity Identifying Number	Passed Through to Subre- cipients	Federal Expenditures
<u>U. S. Department of Health and Human Services</u>				
Passed Through Texas Department of Health & Human Services: Medicaid Administration Claiming Program	93.778	529-15-0048 -00022	\$ --	\$ 11,303
Total U. S. Department of Health and Human Services			--	11,303
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	22610101205904	--	994,912
IDEA-B Cluster:				
IDEA-Part B, Formula	84.027A	226600012059046600	--	363,672
IDEA-Part B, Preschool	84.173A	226610012059046610	--	7,509
Total IDEA-B Cluster			--	371,180
21-22 Perkins V: Strengthening CTE for 21st Century	84.048A	22420006205904	--	34,673
Title IV, Part B-21st Century Community Learning Centers	84.287C	226950267110031	--	1,282,241
Title IV, Part B-21st Century Community Learning Centers	84.287C	236950267110031	--	46,077
Total ALN Number 84.287C			--	1,328,318
GEAR UP	84.334S	205111017110003	--	29,352
GEAR UP	84.334S	215111017110003	--	211,443
Total ALN Number 84.334S			--	240,795
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	20696001205904	--	600
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School	84.358B	22696001205904	--	34,645
Total ALN Number 84.358B			--	35,245
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	22694501205904	--	101,857
Title IV, Part A, Subpart 1	84.424A	22680101205904	--	74,434
ESSER Fund II of the CRRSA Act	84.425D	21521001205904	--	867,894
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	21528001205904	--	2,934,079
American Rescue Plan (ARP) Act - Homeless II - Education for Homeless Children and Youth Program	84.425W	21533002205904	--	11,749
Total Passed Through State Department of Education			--	6,995,136
Total U. S. Department of Education			--	6,995,136
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	806780706	--	508,896
National School Lunch Program	10.555	806780706	--	924,108
Supply Chain Assistance	10.555	806780706	--	45,429
Total Child Nutrition Cluster			--	1,478,433
Commodity Supplemental Food Program	10.565	806780706	--	120,094
Child and Adult Care Food Program	10.558	806780706	--	681,161
Total Passed Through Texas Department of Agriculture			--	2,279,688
Total U. S. Department of Agriculture			--	2,279,688
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 9,286,127

The accompanying notes are an integral part of this schedule.

**MATHIS INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Exhibit C-2	9,609,039
Less: School Health & Related Services (SHARS) reported in General Fund	<u>(322,912)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>9,286,127</u></u>

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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