

MATHIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021



Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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MATHIS INDEPENDENT SCHOOL DISTRICT

DIRECTORY OF OFFICIALS

AUGUST 31, 2021

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

BENNY P. HERNANDEZ	SUPERINTENDENT
LACY BRAUCHLE	READING CURRICULUM INSTRUCTIONAL COACH/ EARLY SCHOLARS PRINCIPAL
GAIL SHEPLER	CHIEF FINANCE OFFICER
DERWARD STEVENS	ATHLETIC DIRECTOR
VERONICA GARZA	DIRECTOR OF SPECIAL EDUCATION
VERONICA GUTIERREZ	MATH CURRICULUM INSTRUCTIONAL COACH
CHRISTINA ALVARADO	FEDERAL PROGRAMS AND ASSESSMENTS DIRECTOR

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Mathis Independent School District
Annual Financial Report
For The Year Ended August 31, 2021

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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, 2021, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the 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

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mathis Independent School District as of August 31, 2021, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note P to the financial statements, in 2021, Mathis Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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.

Other Information

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

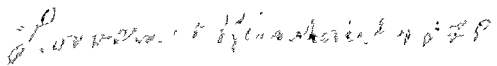
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021 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 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 dark ink, appearing to read "Lovvorn & Kieschnick, LLP", written in a cursive style.

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
December 8, 2021

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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, 2021 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, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

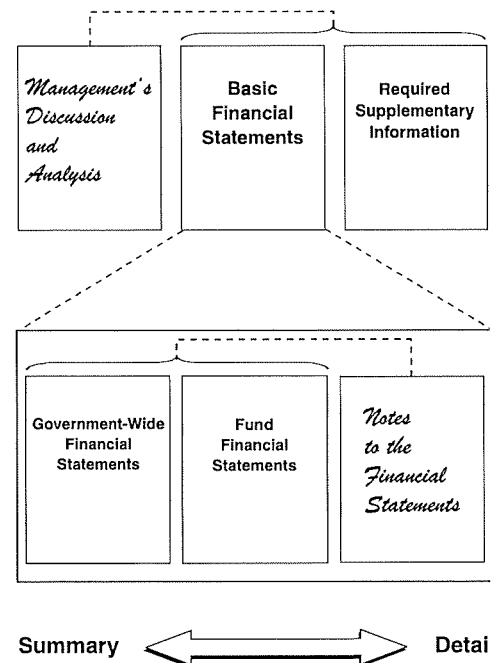
- The District's total combined net position was \$20,129,314 as of August 31, 2021.
- During the year, the District's expenses were \$3,610,890 less than the \$28,102,296 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$13,102,503.

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 \$20,129,314 as of August 31, 2021. (See Table A-1.)

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

	Governmental Activities		Total Percentage Change 2021-2020
	2021	2020	
Assets:			
Cash and Cash Equivalents	9,418,350	5,782,641	62.9%
Investments	10,299,082	17,432,287	-40.9%
Property Taxes Receivable (Net)	1,489,283	1,581,488	-5.8%
Due from Other Governments	2,194,262	1,957,092	12.1%
Other Receivables (Net)	9,800	9,800	0.0%
Other Assets	9,292	18,132	-48.8%
Capital Assets:			
Land	715,385	715,385	0.0%
Construction in Progress	11,376,644	3,918,722	190.3%
Buildings, Furniture, and Equipment, (Net)	26,640,669	27,663,618	-3.7%
Total Assets	62,152,767	59,079,165	5.2%
Deferred Outflows of Resources:			
Deferred Charge for Refunding	282,008	299,252	-5.8%
Deferred Outflow Related to Pensions	2,386,501	3,010,472	-20.7%
Deferred Outflow Related to OPEB	1,627,193	1,829,631	-11.1%
Total Deferred Outflows of Resources	4,295,702	5,139,355	-16.4%
Liabilities:			
Accounts Payable	1,038,156	1,278,475	-18.8%
Interest Payable	41,360	44,657	-7.4%
Accrued Expenses	1,195,589	1,310,960	-8.8%
Due to Other Governments	1,454,037	777,446	87.0%
Unearned Revenue	3,663	3,581	2.3%
Non-current Liabilities:			
Due Within One Year	1,055,928	1,255,932	-15.9%
Due in More than One Year	25,049,582	26,048,797	-3.8%
Net Pension Liability	5,407,812	5,597,231	-3.4%
Net OPEB Liability	5,771,223	7,175,144	-19.6%
Total Liabilities	41,017,350	43,492,223	-5.7%
Deferred Inflows of Resources:			
Deferred Inflow Related to Pensions	1,075,791	1,103,797	-2.5%
Deferred Inflow Related to OPEB	4,226,015	3,104,074	36.1%
Total Deferred Inflows of Resources	5,301,806	4,207,871	26.0%
Net Position:			
Net Investment in Capital Assets	16,015,101	15,972,380	0.3%
Restricted for:			
State & Federal Programs	1,380,020	1,152,006	19.8%
Debt Service	2,229,636	1,055,894	111.2%
Unrestricted	504,557	(1,661,854)	-130.4%
Total Net Position	20,129,314	16,518,426	21.9%

The District continues to be fiscally conservative and has unrestricted net position of \$504,557. The unrestricted net position of the District has increased by \$2,166,411 during the current fiscal year.

Changes in Net Position

The District's total revenues were \$28,102,296. A portion, 30.1%, of the District's revenue comes from local taxes, approximately 42.0% comes from state aid, 26.6% from operating grants, 0.6% from charges for services, and 0.7% other.

The total cost of all programs and services was \$24,491,406.

Governmental Activities

Property tax rates were \$1.36725: M&O \$0.96305 and I&S \$0.4042.

- The cost of all governmental activities this year was \$24,491,406. (See Table A-2.)
- However, the amount that our taxpayers paid for these activities through property taxes was \$8,454,787.
- Grants and contributions 7,477,294.

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

	Governmental Activities		Total Percentage Change 2021-2020
	2021	2020	
Program Revenues:			
Charges for Services	182,169	147,338	23.6%
Operating Grants and Contributions	7,477,294	6,704,022	11.5%
General Revenues:			
Property Taxes	8,454,787	5,513,241	53.4%
State Aid	11,801,587	12,585,764	-6.2%
Other Local Revenues	186,459	1,307,038	-85.7%
Total Revenues	28,102,296	26,257,403	7.0%
Expenses:			
Instruction	13,322,555	13,971,313	-4.6%
Instructional Resources and Media Services	448,869	579,643	-22.6%
Curriculum and Staff Development	68,693	72,071	-4.7%
Instructional Leadership	4,494	11,823	-62.0%
School Leadership	1,374,808	1,456,910	-5.6%
Guidance, Counseling and Evaluation Services	397,361	395,593	0.4%
Social Work Services	506	-	0.0%
Health Services	183,880	209,815	-12.4%
Student Transportation	665,681	469,653	41.7%
Food Services	1,793,020	2,181,231	-17.8%
Extracurricular Activities	813,308	880,307	-7.6%
General Administration	1,009,995	1,118,616	-9.7%
Plant Maintenance & Operations	3,014,625	2,944,197	2.4%
Security & Monitoring Services	56,964	83,309	-31.6%
Data Processing Services	251,383	297,591	-15.5%
Community Services	129,452	156,120	-17.1%
Interest on Long-term Debt	834,656	823,505	1.4%
Bond Issuance Costs and Fees	2,000	114,553	-98.3%
Capital Outlay	22,350	564,167	-96.0%
Other Intergovernmental Charges	96,806	88,170	9.8%
Total Expenses	24,491,406	26,418,587	-7.3%
Change in Net Position	3,610,890	(161,184)	2340.2%

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		
	2021	2020	% Change	2021	2020	% Change
Instruction	13,322,555	13,971,313	-4.6%	8,462,675	10,296,436	-17.8%
General Administration	1,009,995	1,118,616	-9.7%	982,942	1,103,316	-10.9%
Plant Maintenance & Operations	3,014,625	2,944,197	2.4%	2,717,579	2,804,517	-3.1%
Food Services	1,793,020	2,181,231	-17.8%	(95,893)	(239,206)	59.9%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$28,110,853.

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 2021, the District had assets of \$62,679,303 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
	2021	2020	2021-2020
Land	0.72	0.72	0.0%
Construction in Progress	11.38	3.92	190.3%
Buildings and Improvements	46.67	46.31	0.8%
Vehicles	1.97	1.97	0.0%
Equipment	1.94	1.90	2.1%
Total Assets at Historical Cost	62.68	54.82	14.3%
Total Accumulated Depreciation	(23.95)	(22.52)	6.3%
Net Capital Assets	38.73	32.30	19.9%

Long-Term Obligations

At year-end the District had \$37,284,545 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, 2021:

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
	2021	2020	2021-2020
Bonds and Notes Payable	26,105,510	27,304,729	-4.4%
Net Pension Liability	5,407,812	5,597,231	-3.4%
Net OPEB Liability	5,771,223	7,175,144	-19.6%
Total Long-Term Obligations	<u>37,284,545</u>	<u>40,077,104</u>	-7.0%

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

- The District's 2021-22 total enrollment is 1,441, and the District's refined average daily attendance is approximately 1,262. 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 January 31, 2023, and ESSER III funding can be utilized until September 30, 2023.
- The Appraisal values used for the 2021-2022 budget have increased and the District tax rate for M & O will be \$0.960350.
- 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 2021-2022 MISD was awarded the 21st 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 \$1,157,191 from the Pacific Windmill Project. The El Algodon Alto Windmill project will begin issuing MISD payments in the 2022-2023 fiscal year.
- The District will complete the MISD new High School project in about January of 2022 with the funding issued by the 2019 bonds.
- 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

MATHIS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION**

AUGUST 31, 2021

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	9,418,350
1120	Current Investments		10,299,082
1225	Property Taxes Receivable (Net)		1,489,283
1240	Due from Other Governments		2,194,262
1290	Other Receivables (Net)		9,800
Capital Assets:			
1510	Land		715,385
1520	Buildings and Improvements, Net		25,456,781
1530	Furniture and Equipment, Net		1,183,888
1580	Construction in Progress		11,376,644
1990	Other Assets		9,292
1000	Total Assets		<u>62,152,768</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1701	Deferred Charge for Refunding		282,008
1705	Deferred Outflow Related to Pensions		2,386,501
1706	Deferred Outflow Related to OPEB		1,627,193
1700	Total Deferred Outflows of Resources		<u>4,295,702</u>
LIABILITIES:			
2110	Accounts Payable		1,038,156
2140	Interest Payable		41,360
2165	Accrued Liabilities		1,195,589
2180	Due to Other Governments		1,454,037
2300	Unearned Revenue		3,663
Noncurrent Liabilities:			
2501	Due Within One Year		1,055,928
2502	Due in More Than One Year		25,049,582
2540	Net Pension Liability		5,407,812
2545	Net OPEB Liability		5,771,223
2000	Total Liabilities		<u>41,017,350</u>
DEFERRED INFLOWS OF RESOURCES:			
2605	Deferred Inflow Related to Pensions		1,075,791
2606	Deferred Inflow Related to OPEB		4,226,015
2600	Total Deferred Inflows of Resources		<u>5,301,806</u>
NET POSITION:			
3200	Net Investment in Capital Assets		16,015,101
Restricted For:			
3820	Federal and State Programs		1,380,020
3850	Debt Service		2,229,636
3900	Unrestricted		504,557
3000	Total Net Position	\$	<u>20,129,314</u>

The accompanying notes are an integral part of this statement.

MATHIS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
	Governmental Activities:				
11	<i>Instruction</i>	\$ 13,322,555	\$ 56,372	\$ 4,803,508	\$ (8,462,675)
12	<i>Instructional Resources and Media Services</i>	448,869	--	12,058	(436,811)
13	<i>Curriculum and Staff Development</i>	68,693	--	27,794	(40,899)
21	<i>Instructional Leadership</i>	4,494	--	133	(4,361)
23	<i>School Leadership</i>	1,374,808	--	36,797	(1,338,011)
31	<i>Guidance, Counseling, & Evaluation Services</i>	397,361	--	10,590	(386,771)
32	<i>Social Work Services</i>	506	--	--	(506)
33	<i>Health Services</i>	183,880	--	4,761	(179,119)
34	<i>Student Transportation</i>	665,681	--	15,529	(650,152)
35	<i>Food Service</i>	1,793,020	87,836	1,801,077	95,893
36	<i>Cocurricular/Extracurricular Activities</i>	813,308	37,961	1,646	(773,701)
41	<i>General Administration</i>	1,009,995	--	27,186	(982,809)
51	<i>Facilities Maintenance and Operations</i>	3,014,625	--	297,358	(2,717,267)
52	<i>Security and Monitoring Services</i>	56,964	--	1,557	(55,407)
53	<i>Data Processing Services</i>	251,383	--	6,808	(244,575)
61	<i>Community Services</i>	129,452	--	116,155	(13,297)
72	<i>Interest on Long-term Debt</i>	834,656	--	313,670	(520,986)
73	<i>Bond Issuance Costs and Fees</i>	2,000	--	--	(2,000)
81	<i>Capital Outlay</i>	22,350	--	667	(21,683)
99	<i>Other Intergovernmental Charges</i>	96,806	--	--	(96,806)
TG	Total Governmental Activities	24,491,406	182,169	7,477,294	(16,831,943)
TP	Total Primary Government	\$ 24,491,406	\$ 182,169	\$ 7,477,294	(16,831,943)
General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				4,743,726
DT	<i>Property Taxes, Levied for Debt Service</i>				2,590,015
	<i>Chapter 313 Payments</i>				1,121,046
IE	<i>Investment Earnings</i>				54,593
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				11,801,587
MI	<i>Miscellaneous</i>				131,866
TR	Total General Revenues				20,442,833
CN	Change in Net Position				3,610,890
NB	Net Position - Beginning				16,518,424
NE	Net Position - Ending				\$ 20,129,314

The accompanying notes are an integral part of this statement.

MATHIS INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2021

Data Control Codes		10 General Fund	50 Debt Service
ASSETS:			
1110	Cash and Cash Equivalents	\$ 6,975,655	\$ 1,179,336
1120	Current Investments	6,803,957	776,308
1225	Taxes Receivable, Net	1,173,931	315,352
1240	Due from Other Governments	1,769,619	--
1260	Due from Other Funds	318,309	--
1290	Other Receivables	9,800	--
1000	Total Assets	<u>17,051,271</u>	<u>2,270,996</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 219,335	\$ --
2150	Payroll Deductions & Withholdings	93,701	--
2160	Accrued Wages Payable	1,007,764	--
2170	Due to Other Funds	--	--
2180	Due to Other Governments	1,454,037	--
2300	Unearned Revenue	--	--
2000	Total Liabilities	<u>2,774,837</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES:			
2601	Unavailable Revenue - Property Taxes	<u>1,173,931</u>	<u>315,352</u>
2600	Total Deferred Inflows of Resources	<u>1,173,931</u>	<u>315,352</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	1,351,557	--
3470	Capital Acquisitions & Contractual Obligations	--	--
3480	Retirement of Long-Term Debt	--	1,955,644
Committed Fund Balances:			
3510	Construction	550,000	--
3545	Other Committed Fund Balance	650,000	--
3600	Unassigned	<u>10,550,946</u>	<u>--</u>
3000	Total Fund Balances	<u>13,102,503</u>	<u>1,955,644</u>
Total Liabilities, Deferred Inflow			
4000	of Resources and Fund Balances	\$ 17,051,271	\$ 2,270,996

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Renovations Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 1,172,701	\$ 1,168	\$ 9,328,860
2,652,057	66,760	10,299,082
--	--	1,489,283
--	424,643	2,194,262
--	--	318,309
--	--	9,800
<u>3,824,758</u>	<u>492,571</u>	<u>23,639,596</u>
\$ 718,844	\$ 46,269	\$ 984,448
--	--	93,701
--	94,124	1,101,888
--	318,308	318,308
--	--	1,454,037
--	3,663	3,663
<u>718,844</u>	<u>462,364</u>	<u>3,956,045</u>
--	--	1,489,283
<u>--</u>	<u>--</u>	<u>1,489,283</u>
--	28,463	1,380,020
3,105,914	--	3,105,914
--	--	1,955,644
--	--	550,000
--	1,745	651,745
--	--	10,550,946
<u>3,105,914</u>	<u>30,208</u>	<u>18,194,269</u>
\$ <u>3,824,758</u>	\$ <u>492,572</u>	\$ <u>23,639,597</u>

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

Total fund balances - governmental funds balance sheet	\$ 18,194,269
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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.	38,732,698
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,489,283
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	35,782
Payables for bond principal which are not due in the current period are not reported in the funds.	(21,145,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(41,360)
Payables for notes which are not due in the current period are not reported in the funds.	(2,315,404)
Premiums on issuance of bonds to be amortized over life of debt.	(2,645,106)
Long-term note receivables unavailable to pay for current period expenditures are deferred in the funds.	9,292
Deferred charge for refunding is expended in the funds, but is amortized in the statement of net position.	282,008
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(5,407,812)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,075,791)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,386,501
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(5,771,223)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(4,226,015)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>1,627,193</u>

Net position of governmental activities - Statement of Net Position	<u>\$ 20,129,314</u>
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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, 2021

Data Control Codes		10 General Fund	50 Debt Service
REVENUES:			
5700	Local and Intermediate Sources	\$ 6,260,526	\$ 2,594,934
5800	State Program Revenues	12,467,231	313,670
5900	Federal Program Revenues	1,352,085	--
5020	Total Revenues	<u>20,079,842</u>	<u>2,908,604</u>
EXPENDITURES:			
Current:			
0011	Instruction	8,488,508	--
0012	Instructional Resources and Media Services	416,132	--
0013	Curriculum and Staff Development	36,781	--
0021	Instructional Leadership	4,242	--
0023	School Leadership	1,267,399	--
0031	Guidance, Counseling, & Evaluation Services	365,549	--
0032	Social Work Services	478	--
0033	Health Services	164,772	--
0034	Student Transportation	534,935	--
0035	Food Service	649,813	--
0036	Cocurricular/Extracurricular Activities	701,199	--
0041	General Administration	936,029	--
0051	Facilities Maintenance and Operations	2,785,337	--
0052	Security and Monitoring Services	53,358	--
0053	Data Processing Services	233,945	--
0061	Community Services	520	--
0071	Principal on Long-term Debt	214,087	850,000
0072	Interest on Long-term Debt	66,316	889,525
0073	Bond Issuance Costs and Fees	400	1,600
0081	Capital Outlay	235,697	--
0099	Other Intergovernmental Charges	96,806	--
6030	Total Expenditures	<u>17,252,303</u>	<u>1,741,125</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>2,827,539</u>	<u>1,167,479</u>
Other Financing Sources and (Uses):			
7915	Transfers In	633,880	--
8911	Transfers Out	--	--
7080	Total Other Financing Sources and (Uses)	<u>633,880</u>	<u>--</u>
1200	Net Change in Fund Balances	<u>3,461,419</u>	<u>1,167,479</u>
0100	Fund Balances - Beginning	9,641,084	788,165
3000	Fund Balances - Ending	\$ <u>13,102,503</u>	\$ <u>1,955,644</u>

The accompanying notes are an integral part of this statement.

60 Capital Renovations Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 13,940	\$ 55,060	\$ 8,924,460
--	137,878	12,918,779
--	4,855,330	6,207,415
<u>13,940</u>	<u>5,048,268</u>	<u>28,050,654</u>
--	3,759,753	12,248,261
--	--	416,132
--	26,725	63,506
--	--	4,242
--	--	1,267,399
--	--	365,549
--	--	478
--	--	164,772
--	--	534,935
--	1,038,543	1,688,356
--	55,060	756,259
--	--	936,029
--	52,105	2,837,442
--	--	53,358
--	--	233,945
--	116,082	116,602
--	--	1,064,087
--	--	955,841
--	--	2,000
7,588,172	--	7,823,869
--	--	96,806
<u>7,588,172</u>	<u>5,048,268</u>	<u>31,629,868</u>
<u>(7,574,232)</u>	<u>--</u>	<u>(3,579,214)</u>
--	--	633,880
--	(633,880)	(633,880)
--	(633,880)	--
<u>(7,574,232)</u>	<u>(633,880)</u>	<u>(3,579,214)</u>
10,680,146	664,088	21,773,483
<u>\$ 3,105,914</u>	<u>\$ 30,208</u>	<u>\$ 18,194,269</u>

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, 2021*

Net change in fund balances - total governmental funds	\$ (3,579,214)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	7,856,900
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,421,927)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(92,204)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	850,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	214,087
(Increase) decrease in accrued interest from beginning of period to end of period.	3,297
The net revenue (expense) of internal service funds is reported with governmental activities.	(2,093)
Collection of long-term note receivables do not provide revenue in the SOA, but are reported as current resources.	(8,840)
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.	(406,546)
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	<u>79,542</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 3,610,890</u>

The accompanying notes are an integral part of this statement.

MATHIS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****INTERNAL SERVICE FUND****AUGUST 31, 2021**

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
ASSETS:		
	Current Assets:	
1110	<i>Cash and Cash Equivalents</i>	\$ 89,490
	Total Current Assets	89,490
1000	Total Assets	89,490
LIABILITIES:		
	Current Liabilities:	
2110	<i>Accounts Payable</i>	\$ 53,708
	Total Current Liabilities	53,708
2000	Total Liabilities	53,708
NET POSITION:		
3900	<i>Unrestricted</i>	35,782
3000	Total Net Position	\$ 35,782

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, 2021

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 82,778
5020	Total Revenues	<u>82,778</u>
	OPERATING EXPENSES:	
6400	<i>Other Operating Costs</i>	<u>84,871</u>
6030	Total Expenses	<u>84,871</u>
1300	Change in Net Position	(2,093)
0100	Total Net Position - Beginning	37,875
3300	Total Net Position - Ending	<u><u>\$ 35,782</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, 2021**

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	82,778
Cash Payments to Employees for Services	--
Cash Payments to Other Suppliers for Goods and Services	(79,900)
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	<u>2,878</u>
Cash Flows from Non-capital Financing Activities:	
Proceeds (Payments) from (for) Borrowings	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,878
Cash and Cash Equivalents at Beginning of Year	86,612
Cash and Cash Equivalents at End of Year	<u><u>\$ 89,490</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (2,093)
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	4,971
Increase (Decrease) in Interfund Payables	--
Increase (Decrease) in Accrued Expenses	--
Total Adjustments	<u>4,971</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 2,878</u></u>

The accompanying notes are an integral part of this statement.

MATHIS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2021**

Data Control Codes		Private-purpose Trust Fund	Custodial Fund
		Student Scholarships	Student Activity
ASSETS:			
1110	<i>Cash and Cash Equivalents</i>	\$ --	\$ 80,800
1800	<i>Restricted Assets</i>	17,166	--
1000	Total Assets	<u>17,166</u>	<u>80,800</u>
LIABILITIES:			
2000	Total Liabilities	<u>--</u>	<u>--</u>
NET POSITION:			
Restricted for:			
3800	<i>Student Scholarships</i>	\$ 17,166	\$ --
3800	<i>Student Activities</i>	--	80,800
3000	Total Net Position	<u>\$ 17,166</u>	<u>\$ 80,800</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, 2021

	Private- Purpose Fund Student Scholarships	Custodial Funds Student Activity
ADDITIONS:		
Investment Income	\$ 30	\$ --
Fundraising Activities	--	78,048
Total Additions	<u>30</u>	<u>78,048</u>
DEDUCTIONS:		
Student Activities	--	63,276
Student Scholarships	--	--
Total Deductions	<u>--</u>	<u>63,276</u>
Change in Fiduciary Net Position	30	14,772
Net Position-Beginning of the Year (Restated)	17,135	66,028
Prior Period Adjustment	--	--
Net Position-End of the Year	<u>\$ 17,165</u>	<u>\$ 80,800</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, 2021

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, 2021

Capital Renovations Fund: This fund is used to account for construction activities.

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: These funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial 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

MATHIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

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.

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

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which disaggregates those balances.

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's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At August 31, 2021, the District reported the following:

Net Pension Asset	\$	
Net Pension Liability	\$	5,407,812

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 the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 84, Fiduciary Activities

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type

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activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

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

GASB Statement No. 92, Omnibus 2020

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was 9,516,316 and the bank balance was 10,925,334. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

As of August 31, 2021 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	\$ 9,093,719	\$ 9,093,719	\$ --	\$ --
Investment in Lone Star Pool	1,205,363	1,205,363	--	--
Total Fair Value	<u>\$ 10,299,082</u>	<u>\$ 10,299,082</u>	<u>\$ --</u>	<u>\$ --</u>

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

MATHIS INDEPENDENT SCHOOL DISTRICT

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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, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 715,385	\$ --	\$ --	\$ 715,385
Construction in progress	3,918,722	7,457,922	--	11,376,644
Total capital assets not being depreciated	4,634,107	7,457,922	--	12,092,029
<i>Capital assets being depreciated:</i>				
Buildings and improvements	46,306,999	361,517	--	46,668,516
Equipment	1,914,033	37,461	--	1,951,494
Vehicles	1,967,264	--	--	1,967,264
Total capital assets being depreciated	50,188,296	398,978	--	50,587,274

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FOR THE YEAR ENDED AUGUST 31, 2021

Less accumulated depreciation for:				
Buildings and improvements	(20,018,510)	(1,193,228)	--	(21,211,738)
Equipment	(1,135,588)	(99,511)	--	(1,235,099)
Vehicles	(1,370,594)	(129,183)	--	(1,499,777)
Total accumulated depreciation	(22,524,692)	(1,421,922)	--	(23,946,614)
Total capital assets being depreciated, net	27,663,604	(1,022,944)	--	26,640,660
Governmental activities capital assets, net	\$ 32,297,711	\$ 6,434,978	\$ --	\$ 38,732,689

Depreciation was charged to functions as follows:

Instruction	\$ 756,973
Instructional Resources and Media Services	25,142
Curriculum and Staff Development	3,848
Instructional Leadership	252
School Leadership	77,005
Guidance, Counseling, & Evaluation Services	22,257
Social Work Services	28
Health Services	10,299
Student Transportation	129,187
Food Services	100,430
Extracurricular Activities	45,555
General Administration	56,571
Plant Maintenance and Operations	169,858
Security and Monitoring Services	3,191
Data Processing Services	14,080
Community Services	7,246
	<u>\$ 1,421,922</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2021, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 318,309	Short-term loans
	Total	<u>\$ 318,309</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2021, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Other Governmental Funds	General Fund	633,880	Supplement other funds sources
	Total	<u>\$ 633,880</u>	

F. Long-Term Obligations

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

MATHIS INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED AUGUST 31, 2021

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2021, Mathis Independent School District, are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/20	Issued	Retired	Amounts Outstanding 8/31/21	Amounts Due Within One Year
Unlimited Tax Refunding Bonds Series 2016	2.00% to 4.00%	5,185,000	3,655,000	--	500,000	3,155,000	150,000
Unlimited Tax Refunding Bonds Series 2017	2.00% to 4.00%	4,180,000	3,565,000	--	200,000	3,365,000	55,000
Unlimited Tax School Building Bonds, Series 2019	2.00% to 5.00%	12,200,000	12,200,000	--	--	12,200,000	340,000
Unlimited Tax Refunding Bonds Series 2020	3.00% to 4.00%	2,575,000	2,575,000	--	150,000	2,425,000	155,000
Sub-Total - Bonds			21,995,000	--	850,000	21,145,000	700,000
Maintenance Tax Notes Series 2012	3.50%	1,030,000	699,596	--	47,911	651,685	49,588
Loan STAR Revolving Loan Series 2016	0.25%	405,592	204,895	--	51,176	153,719	51,208
Maintenance Tax Notes Series 2017	2.57%	1,900,000	1,625,000	--	115,000	1,510,000	120,000
Sub-Total - Bonds & Notes			24,524,491	--	1,064,087	23,460,404	920,796
Bond Premiums on Refunding			2,780,238	--	135,132	2,645,106	135,132
Total Bonds & Notes			27,304,729	--	1,199,219	26,105,510	1,055,928
Other Liabilities:							
Net Pension Liability			5,597,231	227,191	416,610	5,407,812	--
Net OPEB Liability			7,175,144	(1,288,530)	115,391	5,771,223	--
Total Governmental Activities			\$ 40,077,104	\$ (1,061,339)	\$ 1,731,220	\$ 37,284,545	\$ 1,055,928

2. Debt Service Requirements

Governmental Activity Debt service requirements on long-term debt at August 31, 2021, are as follows:

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Year Ending August 31,	General Obligation Bonds			Maintenance Tax Notes and Revolving Loan		
	Principal	Interest	Total	Principal	Interest	Total
2022	700,000	862,025	1,562,025	220,796	61,710	282,506
2023	725,000	844,425	1,569,425	227,564	56,858	284,422
2024	780,000	819,175	1,599,175	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
2027-2031	4,500,000	3,378,600	7,878,600	1,035,822	122,620	1,158,442
2032-2036	5,595,000	2,323,750	7,918,750	224,949	6,431	231,380
2037-2041	4,870,000	1,141,000	6,011,000	--	--	--
2042-2044	2,360,000	239,750	2,599,750	--	--	--
Totals	<u>\$ 21,145,000</u>	<u>\$ 11,174,275</u>	<u>\$ 32,319,275</u>	<u>\$ 2,315,405</u>	<u>\$ 387,604</u>	<u>\$ 2,703,009</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 no defeased bonds outstanding as of August 31, 2021.

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 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Unemployment Compensation

During the year ended August 31, 2021, 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 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, 2020, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

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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, 2020 and ended September 1, 2021. The District's maximum financial exposure for the plan year is \$127,860. Any costs above \$127,860 for the 2020-2021 plan year are the shared responsibility of the remaining School Comp members. The District's self-insured retention per occurrence is \$38,358. 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 \$9,805,124. 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 \$35,782 at 8/31/21, and is reported as reserved Net Assets of the Worker's Compensation Internal Service Fund. The claims liability of \$53,708 reported in the fund at 8/31/21, 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 08/31/21	Year Ended 08/31/20
Unpaid claims, beginning of year	48,737	\$ 47,262
Current year claims and changes in estimate	84,871	73,306
Claim payments	(79,900)	(71,831)
Unpaid claims, end of year	<u>53,708</u>	<u>\$ 48,737</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 work load 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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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% (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.

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

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

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

	<u>Contribution Rates</u>	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
District's 2021 Employer Contributions	\$ 451,105	
District's 2021 Member Contributions	\$ 915,616	
2020 NECE On-Behalf Contributions (state)	\$ 605,074	

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

MATHIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

5. Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

6. Discount Rate

A single discount rate of 7.25% 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%. The projection of cash flows used to

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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% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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

Asset Class	FY 2019 Target Allocation *	New Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***
Global Equity			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries ****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds ****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
Expected Return	100.0%	100.0%	7.23%
<p>* Target allocations are based on the Strategic Asset Allocation as of FY2019</p> <p>** New allocations are based on the Strategic Asset Allocation to be implemented FY2020</p> <p>*** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%</p> <p>**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds</p> <p>***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility</p>			

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than

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and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	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:	\$ 8,338,750	\$ 5,407,812	\$ 3,026,490

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

At August 31, 2021, the District reported a liability of \$5,407,812 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 5,407,812
State's proportionate share that is associated with District	<u>7,854,180</u>
Total	<u>\$ 13,261,992</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0100971217% which was an increase (decrease) of -0.0006702790% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation -

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2021, the District recognized pension expense of \$1,802,334 and revenue of \$944,683 for support provided by the State.

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 9,874	\$ 150,918
Changes in actuarial assumptions	1,254,805	533,534
Difference between projected and actual investment earnings	109,476	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	561,241	391,339
Contributions paid to TRS subsequent to the measurement date	451,105	--
Total	<u>\$ 2,386,501</u>	<u>\$ 1,075,791</u>

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

Year Ended August 31	Pension Expense Amount
2022	\$ 222,191
2023	\$ 294,284
2024	\$ 291,382
2025	\$ 127,358
2026	\$ (60,579)
Thereafter	\$ (15,031)

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 that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

3. Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical

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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. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

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

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

4. Contributions

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

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

Contribution Rates		
	2,020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
District's 2021 Employer Contributions	\$	120,832
District's 2021 Member Contributions	\$	77,293
2020 NECE On-Behalf Contributions (state)	\$	155,056

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay 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 \$73.6 million in fiscal year 2019.

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5. Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. 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 valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation *
Healthcare Trend Rates	7.30% **
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. ***
Ad Hoc Post-Employment Benefit Changes	None

* Includes inflation at 2.5%.

**7.3% for FY2020, 7.4% for FY 2021, 7.0% for FY 2022, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2027 and later years.

*** 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

6. Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was an increase of 1.06% 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

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7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 6,925,455	\$ 5,771,223	\$ 4,859,546

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

At August 31, 2021, the District reported a liability of \$5,771,223 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	\$ 5,771,223
State's proportionate share that is associated with the District	\$ 7,755,141
Total	\$ 13,526,364

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

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0151816306% which was an increase (decrease) of 0.0000093773% from its proportion measured as of August 31, 2019.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 4,714,350	\$ 5,771,223	\$ 7,178,829

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 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was

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lowered from 20% to 10%. These changes decreased the TOL.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$(12,559) and revenue of \$(53,849) for support provided by the State.

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 302,179	\$ 2,641,207
Changes in actuarial assumptions	355,964	1,584,808
Differences between projected and actual investment earnings	1,993	118
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	846,343	--
Contributions paid to TRS subsequent to the measurement date	120,832	
Total	\$ 1,627,311	\$ 4,226,133

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
2022	\$ (471,902)
2023	\$ (472,152)
2024	\$ (472,296)
2025	\$ (472,257)
2026	\$ (318,107)
Thereafter	\$ -512,940

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2021, the subsidy payment received by TRS-Care on behalf of the District was \$55,696.

J. Employee Health Care Coverage

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$367 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

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on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

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

Latest financial statements for the BCBS and CIGNA 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, 2021 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, 2021, 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	\$ 1,624,815	\$ 144,804	\$ 1,769,619
Special Revenue	73,173	351,470	424,643
Total	<u>\$ 1,697,988</u>	<u>\$ 496,274</u>	<u>\$ 2,194,262</u>

M. Unearned Revenue

Unearned revenue at year end consisted of the following:

<u>Revenue Description</u>	<u>Special Revenue</u>	<u>Total</u>
Grant Programs	\$ 3,663	\$ 3,663
Total Unearned Revenue	<u>\$ 3,663</u>	<u>\$ 3,663</u>

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N. Fund Balances

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2021:

General Fund

Restricted:	
Child Nutrition Program	\$ 1,351,557

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>10,550,946</u>
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Total General Fund fund balance	<u>13,102,503</u>
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Debt Service Fund:

Restricted:	
Retirement of Long-Term Debt	<u>1,955,644</u>

Capital Renovations Fund:

Restricted:	
Construction of facilities	<u>3,105,914</u>

Other Governmental Funds

Restricted:	
State Textbook	<u>28,463</u>

Committed:	
Campus Activity Funds	<u>1,745</u>

Total Other Governmental Fund fund balance	<u>30,208</u>
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Total Governmental fund balance	\$ <u>18,194,269</u>
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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 2020-2021. The following is a summary of the Food Service Operations included in the General Fund.

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Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
	Revenue:				
5700	Local	\$ 104,826	\$ 104,826	\$ 90,274	\$ (14,552)
5800	State Program	21,398	21,398	5,844	(15,554)
5900	Federal Program	2,058,755	1,788,003	925,780	(862,223)
5020	Total Revenue	2,184,979	1,914,227	1,021,898	(892,329)
	Expenditures:				
0035	Food Services	2,010,029	1,504,928	649,813	855,115
0051	Plant Maintenance and Operations	174,950	174,950	144,070	30,880
6030	Total Expenditures	2,184,979	1,679,878	793,883	885,995
7915	Operating Transfer In	--	633,880	633,880	--
1200	Net Change in Fund Balance	--	868,229	861,895	(6,334)
0100	Fund Balance - Beginning	489,663	489,663	489,663	--
3000	Fund Balance - Ending	\$ 489,663	\$ 1,357,892	\$ 1,351,558	\$ (6,334)

P. Restatement of Beginning Net Position

Effective September 1, 2020, the District implemented GASB Statement No. 84, Fiduciary Activities, which was effective for reporting periods beginning after December 15, 2019. The statement changes the definition of fiduciary activities, providing more defined guidance on how to determine if activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating Agency Funds and replacing them with Custodial Funds. Under this guidance, all fiduciary funds will now report a net position and a statement of changes in net position. The District has private-purpose trust funds and custodial fund type fiduciary activities. Because this statement was implemented retroactively, it resulted in a restatement of the prior period net position balances of Custodial Funds. The restatement is as follows:

Fiduciary Funds - Custodial Funds
Statement of Net Position

	Student Activity
Net Position at August 31, 2020, as previously reported	\$ --
Addition of Net Position as calculated pursuant to GASB 84	66,028
Net Position August 31, 2020, as restated	\$ 66,028

Q. Subsequent Events

In October, 2021 the District early extinguished certain Unlimited Tax School Building Bonds, Series 2019, by making a payment of \$735,550 to an escrow agent from existing funds of the District's Debt Service Fund in order to provide savings to the District.

R. 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

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FOR THE YEAR ENDED AUGUST 31, 2021

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
	2020	Limitation	M&O Taxes	M&O Taxes	Payment to	Payment to	School District
Project	2020	Amount	Paid 2020	Reduced 2020	School District	School District	2020
		2020			2020	2020	(C+E+F)
1.	\$175,207,620	\$20,000,000	\$192,610	\$1,494,727	\$1,121,046	--	\$1,313,656

Project Description

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

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Required Supplementary Information

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

MATHIS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 5,057,594	\$ 6,188,260	\$ 6,260,526	\$ 72,266
5800	State Program Revenues	12,429,064	12,432,844	12,467,231	34,387
5900	Federal Program Revenues	2,496,255	2,225,503	1,352,085	(873,418)
5020	Total Revenues	19,982,913	20,846,607	20,079,842	(766,765)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	9,746,170	9,660,670	8,488,508	1,172,162
0012	Instructional Resources and Media Services	419,950	455,950	416,132	39,818
0013	Curriculum and Staff Development	84,418	84,418	36,781	47,637
	Total Instruction & Instr. Related Services	10,250,538	10,201,038	8,941,421	1,259,617
Instructional and School Leadership:					
0021	Instructional Leadership	15,000	15,000	4,242	10,758
0023	School Leadership	1,262,611	1,317,611	1,267,399	50,212
	Total Instructional & School Leadership	1,277,611	1,332,611	1,271,641	60,970
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	357,766	367,766	365,549	2,217
0032	Social Work Services	5,000	5,000	478	4,522
0033	Health Services	170,583	170,583	164,772	5,811
0034	Student (Pupil) Transportation	529,026	545,426	534,935	10,491
0035	Food Services	2,010,029	1,504,928	649,813	855,115
0036	Cocurricular/Extracurricular Activities	917,751	917,752	701,199	216,553
	Total Support Services - Student (Pupil)	3,990,155	3,511,455	2,416,746	1,094,709
Administrative Support Services:					
0041	General Administration	977,334	983,333	936,029	47,304
	Total Administrative Support Services	977,334	983,333	936,029	47,304
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	2,796,295	2,857,295	2,785,337	71,958
0052	Security and Monitoring Services	69,553	69,553	53,358	16,195
0053	Data Processing Services	224,775	245,775	233,945	11,830
	Total Support Services - Nonstudent Based	3,090,623	3,172,623	3,072,640	99,983
Ancillary Services:					
0061	Community Services	9,500	9,500	520	8,980
	Total Ancillary Services	9,500	9,500	520	8,980
Debt Service:					
0071	Principal on Long-Term Debt	214,950	214,950	214,087	863
0072	Interest on Long-Term Debt	67,200	67,200	66,316	884
0073	Bond Issuance Costs and Fees	2,000	2,000	400	1,600
	Total Debt Service	284,150	284,150	280,803	3,347
Capital Outlay:					
0081	Capital Outlay	2	1,271,048	235,697	1,035,351
	Total Capital Outlay	2	1,271,048	235,697	1,035,351
0099	Other Intergovernmental Charges	103,000	103,000	96,806	6,194

MATHIS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

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>103,000</u>	<u>103,000</u>	<u>96,806</u>	<u>6,194</u>
6030	Total Expenditures	<u>19,982,913</u>	<u>20,868,758</u>	<u>17,252,303</u>	<u>3,616,455</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(22,151)</u>	<u>2,827,539</u>	<u>2,849,690</u>
	Other Financing Sources (Uses):				
7915	Transfers In	<u>--</u>	<u>633,880</u>	<u>633,880</u>	<u>--</u>
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>633,880</u>	<u>633,880</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>611,729</u>	<u>3,461,419</u>	<u>2,849,690</u>
0100	Fund Balance - Beginning	<u>9,641,085</u>	<u>9,641,085</u>	<u>9,641,084</u>	<u>(1)</u>
3000	Fund Balance - Ending	<u>\$ 9,641,085</u>	<u>\$ 10,252,814</u>	<u>\$ 13,102,503</u>	<u>\$ 2,849,689</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, 2021

	Measurement Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0100971217%	0.0107674007%	0.0089921564%	0.0095477644%	0.0097162229%	0.0102482000%	0.0073772000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 5,407,812	\$ 5,597,231	\$ 4,949,501	\$ 3,052,861	\$ 3,671,616	\$ 3,622,602	\$ 1,970,552
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	7,854,180	7,717,708	9,088,516	5,089,027	6,466,382	6,145,538	5,407,526
Total	<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	\$ 11,511,921	\$ 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	46.98%	49.85%	46.44%	30.20%	35.47%	16.22%	9.14%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only seven 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, 2021

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

Note: Only seven 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, 2021

	Measurement Year Ended August 31,			
	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0151816306%	0.0151722533%	0.0136261560%	0.0134021639%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 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	7,755,141	9,534,162	8,639,806	7,238,740
Total	<u>\$ 13,526,364</u>	<u>\$ 16,709,306</u>	<u>\$ 15,443,470</u>	<u>\$ 13,066,838</u>
District's Covered Payroll	\$ 11,511,921	\$ 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	50.13%	63.91%	63.84%	57.65%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: Only four years of data is presented in accordance with GASB #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, 2021

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

Note: Only four 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, 2021

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, 2021**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2012 and Prior Years	\$	Various	\$	Various	\$	Various
2013		1.1314		.2164		277,122,125
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 (School Year Under Audit)		.96305		.4042		513,996,489
1000 Totals						

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
\$ 403,020	\$ --	\$ 42,909	\$ 9,351	\$ 20,697	\$ 371,457
74,913	--	11,549	2,209	--	61,155
97,137	--	14,629	2,561	1	79,948
113,322	--	16,635	3,327	--	93,360
140,752	--	16,384	3,263	681	121,786
183,077	--	30,554	6,912	554	146,165
249,205	--	44,556	10,079	716	195,286
287,644	--	59,574	13,219	(21,478)	193,373
427,789	--	123,330	46,661	(21,005)	236,793
--	7,027,617	4,344,972	2,450,962	130,598	362,281
<u>\$ 1,976,859</u>	<u>\$ 7,027,617</u>	<u>\$ 4,705,092</u>	<u>\$ 2,548,544</u>	<u>\$ 110,764</u>	<u>\$ 1,861,604</u>

Levies and Collections

Fiscal Year End	Levy Year	Tax Levy	Total Tax Collection	Percent of Levy
08/31/12	2012	3,414,930	3,344,464	97.94%
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%

MATHIS INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2021

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
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.	\$ 2,191,135
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)	\$ 1,727,849
<u>Section B: Bilingual Education Programs</u>		
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.	\$ 17,101
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 12,992

MATHIS INDEPENDENT SCHOOL DISTRICT
EXHIBIT J-3
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 2,462,240	\$ 2,462,240	\$ 2,594,934	\$ 132,694
5800	State Program Revenues	40,760	40,760	313,670	272,910
5020	Total Revenues	<u>2,503,000</u>	<u>2,503,000</u>	<u>2,908,604</u>	<u>405,604</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,600,000	1,600,000	850,000	750,000
0072	Interest on Long-Term Debt	900,000	900,000	889,525	10,475
0073	Bond Issuance Costs and Fees	<u>3,000</u>	<u>3,000</u>	<u>1,600</u>	<u>1,400</u>
	Total Debt Service	<u>2,503,000</u>	<u>2,503,000</u>	<u>1,741,125</u>	<u>761,875</u>
6030	Total Expenditures	<u>2,503,000</u>	<u>2,503,000</u>	<u>1,741,125</u>	<u>761,875</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	1,167,479	1,167,479
1200	Net Change in Fund Balance	--	--	1,167,479	1,167,479
0100	Fund Balance - Beginning	788,165	788,165	788,165	--
3000	Fund Balance - Ending	<u>\$ 788,165</u>	<u>\$ 788,165</u>	<u>\$ 1,955,644</u>	<u>\$ 1,167,479</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, 2021, 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, 2021.

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.

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,



Lovvorn & Kieschnick, LLP

Corpus Christi, TX
December 8, 2021

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

We have audited the Mathis Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Mathis Independent School District's major federal programs for the year ended August 31, 2021. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Mathis Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

Report on Internal Control Over Compliance

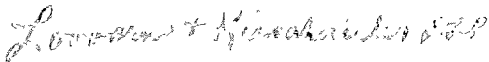
Management of the Mathis Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Mathis Independent School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

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

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

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

Respectfully submitted,



Lovvorn & Kieschnick, LLP

Corpus Christi, TX

December 8, 2021

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

Version of compliance supplement used in audit: July 2021

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program
84.425D	ESSER

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, 2021

<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, 2021

Program

Corrective Action Plan

N/A

No corrective action required

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

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
<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	\$ -- \$ 6,679
Total U. S. Department of Health and Human Services			-- 6,679
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	2161010120590	-- 995,483
ESEA Title I Part C - Education of Migratory Children	84.011A	2061500120590	-- 45,653
ESEA Title I Part C - Education of Migratory Children	84.011A	2161500120590	-- 13,505
Total CFDA Number 84.011A			-- 59,158
IDEA-B Cluster:			
IDEA-B Formula	84.027A	2066000120590	-- 76,096
IDEA-Part B, Formula	84.027A	2166000120590	-- 217,292
IDEA-B Preschool	84.173A	2066100120590	-- 3,117
IDEA-Part B, Preschool	84.173A	2166100120590	-- 5,698
Total IDEA-B Cluster			-- 302,203
Career and Technical Education - Basic Grant	84.048A	2142000620590	-- 33,711
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	2169450120590	-- 103,874
Title IV Part B 21st Century Community Learning Centers	84.287C	2169502671100	-- 1,321,302
Title IV, Part B-21st Century Community Learning Centers	84.287C	2269502671100	-- 62,071
Total CFDA Number 84.287C			-- 1,383,373
ESSER Grant	84.425D	2052100120590	-- 715,988
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	2069600120590	-- 9,135
ESEA, Title VI, Part B, Subpart 2-Rural and Low Income School Grant	84.358B	2169600120590	-- 29,901
Total CFDA Number 84.358B			-- 39,036
GEAR UP	84.334S	1951110171100	-- 39,239
GEAR UP	84.334S	2051110171100	-- 186,384
Total CFDA Number 84.334S			-- 225,623
Title IV, Part A, Subpart 1	84.424A	2068010120590	-- 16,649
Title IV, Part A, Subpart 1	84.424A	2168010120590	-- 70,490
Total CFDA Number 84.424A			-- 87,139
Total Passed Through State Department of Education			-- 3,945,589
Total U. S. Department of Education			-- 3,945,589
<u>U. S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	806780706	-- 92,117
National School Lunch Program	10.555	806780706	-- 163,256
Summer Feeding Program	10.559	806780706	-- 1,038,543
Total Child Nutrition Cluster			-- 1,293,916
Commodity Supplemental Food Program	10.565	806780706	-- 97,081
Child and Adult Care Food Program	10.558	806780706	-- 573,326
Total Passed Through Texas Department of Agriculture			-- 1,964,323
Total U. S. Department of Agriculture			-- 1,964,323
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -- \$ 5,916,590

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, 2021

Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Exhibit C-2	6,207,415
Less: School Health & Related Services (SHARS) reported in General Fund	(251,552)
Less: Operation Connectivity reported in General Fund	<u>(39,273)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>5,916,590</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.