

DRISCOLL INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021



Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

This page is left blank intentionally.

DRISCOLL INDEPENDENT SCHOOL DISTRICT

DIRECTORY OF OFFICIALS

AUGUST 31, 2021

BOARD OF TRUSTEES

LALA ZUNIGA	PRESIDENT
CINDY LOPEZ	VICE-PRESIDENT
JOY SAENZ	SECRETARY
JOHANNA SCHUBERT	MEMBER
GLORIA OLIVAREZ	MEMBER
MIKE ZAMORA	MEMBER
TYLER STOKES	MEMBER

OTHER OFFICIALS

DR. CYNTHIA M. GARCIA	SUPERINTENDENT
ANDREW SMITH	BUSINESS MANAGER

This page is left blank intentionally.

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

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
 INTRODUCTORY SECTION		
Certificate of Board.....	1	
 FINANCIAL SECTION		
Independent Auditor's Report.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	13	A-1
Statement of Activities.....	14	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	15	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	16	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	17	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	18	C-3
Statement of Net Position - Internal Service Fund.....	19	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Internal Service Fund.....	20	D-2
Statement of Cash Flows - Proprietary Funds.....	21	D-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	22	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	23	E-2
Notes to the Financial Statements	24	
 <u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	49	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System.....	51	G-2
Schedule of District's Contributions - Teacher Retirement System.....	52	G-3
Schedule of the District's Proportionate Share of the		
Net OPEB Liability - OPEB Plan.....	53	G-4
Schedule of District's Contributions - OPEB Plan.....	54	G-5
Notes to Required Supplementary Information.....	55	
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	56	J-1
Use of Funds Report - Select State Allotment Program	58	J-2
Budgetary Comparison Schedules Required by the Texas Education Agency:		

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

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
National School Breakfast and Lunch Program.....	59	J-3
Debt Service Fund.....	60	J-4
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61	
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	63	
Schedule of Findings and Questioned Costs	65	
Summary Schedule of Prior Audit Findings.....	66	
Corrective Action Plan.....	67	
Schedule of Expenditures of Federal Awards	68	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	69	

Introductory Section

This page is left blank intentionally.

CERTIFICATE OF BOARD

Driscoll Independent School District
Name of School District

Nueces
County

178905
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, 2020, at a meeting of the board of trustees of such school district on the 26th day of January, 2022.

Leticia Joy Saenz
Board Secretary

Lala Zuniga
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)

This page is left blank intentionally.

Financial Section

This page is left blank intentionally.

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

Independent Auditor's Report

To the Board of Trustees
Driscoll Independent School District
P. O. Box 238
Driscoll, Texas 78351

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 Driscoll 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 Driscoll 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 R to the financial statements, in 2021, Driscoll 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 Driscoll 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 January 17, 2022 on our consideration of Driscoll 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 Driscoll Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

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

Luvvorn & Kieschnick, LLP

Corpus Christi, TX
January 17, 2022

This page is left blank intentionally.

Management's Discussion and Analysis

This page is left blank intentionally.

Management's Discussion and Analysis

This section of Driscoll Independent School District's annual 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

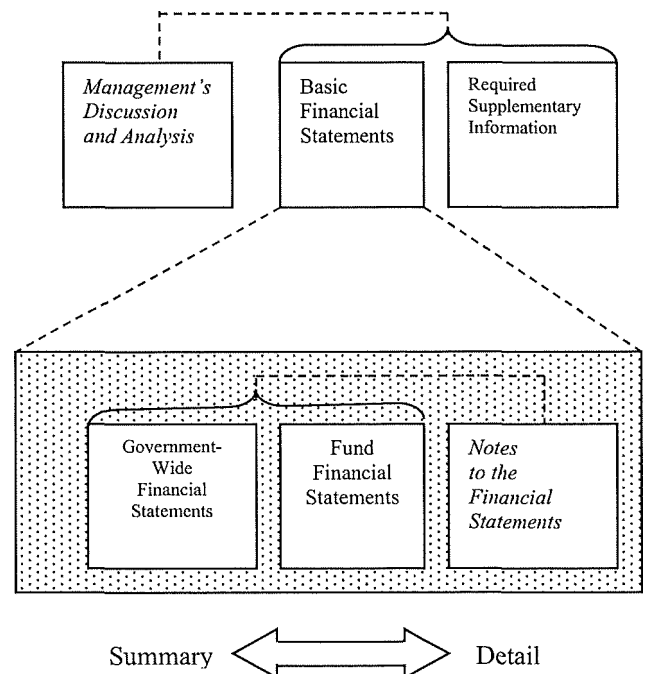
- The District's total combined net position was \$8,472,215 at August 31, 2021.
- During the year, the District's expenses were \$151,753 more than the \$5,376,327 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$5,528,080, or 2.34% higher than last year, but no new programs were added this year.
- The general fund reported a fund balance this year of \$2,731,362 which is a \$262,269 or 8.8% decrease over last year.

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.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *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.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-Wide and Fund Financial Statements				
<i>Type of Statements</i>	Fund Statements			
	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: self insurance	Instances in which the District is the trustee or custodian for someone else's resources
<i>Required financial statement</i>	*Statement of net position	*Balance Sheet	*Statement of net position	*Statement of Fiduciary net position
	*Statement of activities	*Statement of revenues, expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position	*Statement of changes in fiduciary net position
			*Statement of cash flows	
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

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 and liabilities. 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 they have changed. Net position -- the difference between the District's assets and liabilities -- is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial 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 two 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 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 statement, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *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. 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

The District's *combined* net position was \$8,472,215 on August 31, 2021.

Table A-1
The District's Net Position

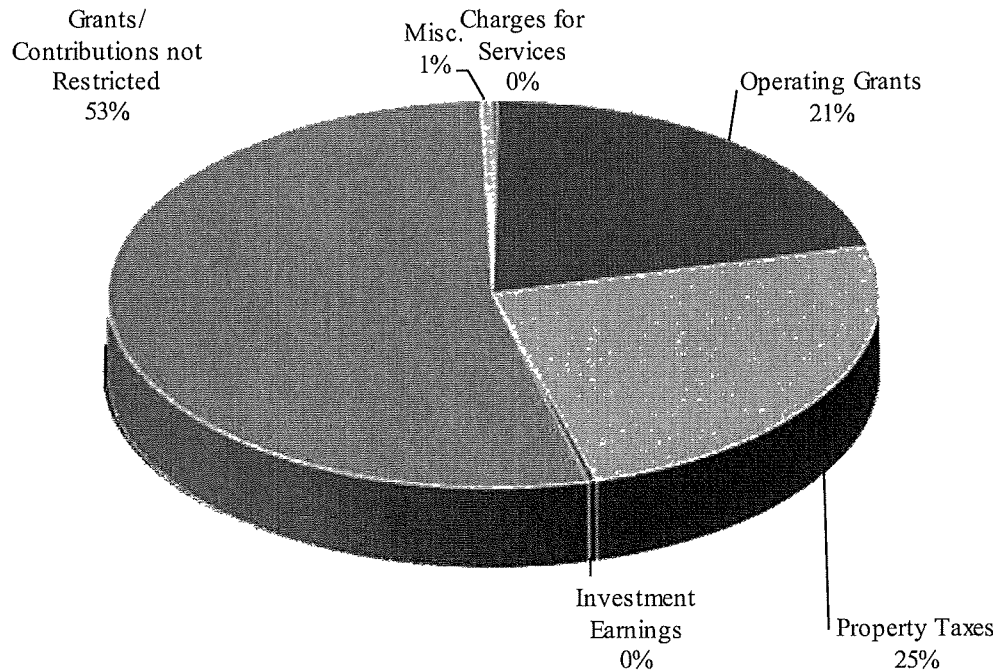
	Governmental Activities		% Change
	2021	2020	
Current and other assets	\$ 4,177,299	\$ 4,986,581	-16.23%
Capital and non-current assets	14,499,452	14,688,463	-1.29%
Total Assets	18,676,751	19,675,044	-5.07%
Deferred Outflow of Resources	604,581	-	0.0%
Deferred Outflow Related to Pensions	467,507	545,432	-14.29%
Deferred Outflow Related to OPEB	228,502	259,982	-12.11%
Total Deferred Outflows of Resources	1,300,590	805,414	61.48%
Current liabilities	979,724	1,458,560	-32.83%
Long-term liabilities	7,420,769	7,243,601	2.45%
Net Pension Liability	1,082,796	1,034,146	4.70%
Net OPEB Liability	1,046,603	1,362,718	-23.20%
Total Liabilities	10,529,892	11,099,025	-5.13%
Deferred Inflows Related to Pensions	137,047	168,510	-18.67%
Deferred Inflows Related to OPEB	838,187	589,532	42.18%
Total Deferred Inflows of Resources	975,234	758,042	28.65%
Net position			
Net investment in			
capital assets	7,285,564	7,636,113	-4.59%
Restricted	315,131	87,248	261.19%
Unrestricted	871,520	900,030	-3.17%
Total Net Position	\$ 8,472,215	\$ 8,623,391	-1.75%

The \$871,520 of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in net position

The District's total revenues were \$5,392,325. A significant portion, 53%, of the District's revenues comes from grants and contributions (See Figure 1); 25% comes from property taxes, while 21% relates to operating grants.

**Figure 1:
District Sources of Revenue for Fiscal Year**



The total cost of all programs and services was \$5,528,080; 62% of these costs were for instructional and student services and 4% were for intergovernmental charges.

Governmental Activities

Property tax rates decreased to \$.9664 per \$100 valuation. Property valuations also decreased by \$23,589,952 million.

Current and other assets decreased \$809,282, or 16.2% from the previous year due to a significant decrease of \$805,435 in cash and cash equivalents for construction projects in progress. Capital assets decreased \$189,011 due to depreciation of buildings and improvements. Long-term liabilities saw an increase of \$177,168 or 2.45% from prior year.

Table A-2
The District's Revenues and Expenses

	Governmental Activities		Total % Changes
	2021	2020	
Revenues:			
Program Revenues:			
Charges for service	\$ 11,578	\$ 17,029	-32.01%
Operating grants and contributions	1,109,161	1,027,834	7.91%
General Revenues:			
Maintenance and operations taxes	796,371	1,021,006	-22.00%
Debt service taxes	533,237	480,836	10.90%
Grants and contributions not restricted to specific functions	2,882,547	2,623,641	9.87%
Investment earnings	18,179	32,144	-43.45%
Miscellaneous	25,254	18,692	35.11%
Total Revenue	<u>5,376,327</u>	<u>5,221,182</u>	2.97%
Expenses:			
Instruction, curriculum and media services	\$ 2,641,764	\$ 2,650,481	-0.33%
Instructional and school leadership	252,876	276,224	-8.45%
Student support services	516,295	344,414	49.91%
Child nutrition	309,965	369,379	-16.08%
Cocurricular activities	49,216	59,309	-17.02%
General administration	412,992	418,774	-1.38%
Plant maintenance, security & data processing	891,788	779,223	14.45%
Community services	14,536	14,339	1.37%
Debt services	70,301	289,810	-75.74%
Capital outlay	-	-	0.00%
Bond Issuance Costs and Fees	109,201	2,900	3665.55%
Intergovernmental charges	<u>259,146</u>	<u>196,721</u>	31.73%
Total Expenses	<u>5,528,080</u>	<u>5,401,574</u>	2.34%
Increase in net position before transfers and special items	(151,753)	(180,392)	15.88%
Net position (deficit) at beginning of year	<u>8,623,968</u>	<u>8,803,783</u>	-2.04%
Net position(deficit) at end of year	\$ <u><u>8,472,215</u></u>	\$ <u><u>8,623,391</u></u>	-1.75%

Table A-3 presents 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 was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$5,528,080.
- However, the amount that our taxpayers paid for these activities through property taxes was \$1,329,608.
- Some of the cost was paid by those who directly benefited from the programs, \$11,578 or by grants and contributions of \$1,109,161.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2021	2020		2021	2020	
Instruction	\$ 2,543,217	\$ 2,566,411	-0.90%	\$ 1,953,432	\$ 2,091,288	-6.59%
General administration	412,992	418,774	-1.38%	395,887	391,102	1.22%
Plant maintenance	815,392	717,715	13.61%	774,779	680,579	13.84%
Contracted instructional services between schools	259,146	196,721	31.73%	259,146	196,721	31.73%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types total \$5,344,170 an increase of 5.9% compared to the preceding year. State program revenues increased by \$261,816 or 9.2%, which is primarily the result of an increase in foundation school programs and teacher retirement, while the property tax rate remained the same. Federal revenues increased by \$253,484 or 42.4%.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$1,170,539 below final budget amounts. The most significant positive variances were in supplies and contracted services. Staffing is budgeted for full employment throughout the year.

Resources available were \$309,842 below the final budgeted amount. As noted earlier:

- Property tax collections were \$69,628 less than expected.
- State funding was less than final budget amounts for the current year by \$263,812 as a result of lower foundation school programs at year end then what was originally estimated. The reduction in state funding was primarily due to reduced enrollment and average daily attendance. Federal funds were increased with ESSER grants.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$18,985,391 in a broad range of capital assets, including land, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions less reductions) of \$360,083, or 1.9% over last year.

Table A-4
District's Capital Assets

	Governmental Activities		Total % Change
	2021	2020	
Land	\$ 47,851	\$ 47,851	0.00%
Construction in progress	-	2,765,453	-100.00%
Buildings and improvements	17,467,795	14,342,259	21.79%
Equipment	614,867	614,867	0.00%
Vehicles	854,878	854,878	0.00%
Totals at historical cost	<u>18,985,391</u>	<u>18,625,308</u>	1.93%
 Total accumulated depreciation	<u>4,485,939</u>	<u>3,936,845</u>	13.95%
Net capital assets	\$ <u>14,499,452</u>	\$ <u>14,688,463</u>	-1.29%

Long –Term Obligations

The District had the following obligations at August 31, 2021:

Table A-5
The District's Long-Term Obligations

	2021	2020	Total % Change
Current Interest Bonds	\$ 670,000	\$ 5,655,000	-88.15%
Capital Appreciation Bonds	-	1,278,306	-100.00%
Refunding bonds	5,828,298	-	0.00%
Sub-Total	<u>6,498,298</u>	<u>6,933,306</u>	-6.27%
 Bond Premium and Discount	1,320,171	119,044	1008.98%
Net Pension Liability	1,082,796	1,034,146	4.70%
Net OPEB Liability	1,046,603	1,362,718	-23.20%
Bond Accretion on CAP Bonds	24,401	530,912	-95.40%
Total Long-Term Obligations	9,972,269	9,980,126	-0.08%
Less: Current Liability Portion	<u>422,102</u>	<u>339,660</u>	24.27%
Long-Term Obligations	\$ <u>9,550,167</u>	\$ <u>9,640,466</u>	-0.94%

The District doesn't anticipate issuing any new debt of any kind during the next year. Additional information regarding the District's Long-Term Debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2021 tax year property tax assessments will be down by \$23,589,952 or 22.1% from the 2020 tax year, primarily due to lower oil and gas reserves from the prior year.
- General operating fund spending per student increases in the 2021 budget from \$15,048 to \$15,829. This is a 1.5% increase.
- The District's 2022 refined average daily attendance is expected to decrease to 250 students.

These indicators were taken into account when adopting the general fund budget for 2021-2022. Amounts available for appropriation in the general fund budget are \$3,788,020 a decrease of 10% over the final 2021 budget of \$4,208,284. Property tax revenue is budgeted to decrease by 1.4% due to a decrease in tax rates and property valuations. State revenue is expected to decrease \$299,310 from last year's final budget. Federal ESSER funding, covered in detail later in this report, will make up for the loss in local and state revenue for the 2022 fiscal year.

Expenditures are budgeted to decrease by 1.5% to \$3,788,020 from prior-year actual expenditures. The largest decrease is in the areas of supplies, contracted services, and capital outlay. The District has added no new major programs or initiatives to the 2021-2022 budget.

If these estimates are realized, the District's budgetary general fund balance is expected to remain the same by the close of 2022.

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 Services Department.

This page is left blank intentionally.

Basic Financial Statements

This page is left blank intentionally.

DRISCOLL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	3,238,668
1225	Property Taxes Receivable (Net)		152,635
1240	Due from Other Governments		776,321
1290	Other Receivables (Net)		7,020
1410	Unrealized Expenses		2,655
Capital Assets:			
1510	Land		47,851
1520	Buildings and Improvements, Net		14,036,523
1530	Furniture and Equipment, Net		415,078
1000	Total Assets		<u>18,676,751</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1701	Deferred Charge for Refunding		604,581
1705	Deferred Outflow Related to Pensions		467,507
1706	Deferred Outflow Related to OPEB		228,502
1700	Total Deferred Outflows of Resources		<u>1,300,590</u>
LIABILITIES:			
2110	Accounts Payable		18,718
2165	Accrued Liabilities		386,561
2300	Unearned Revenue		152,344
Noncurrent Liabilities:			
2501	Due Within One Year		422,101
2502	Due in More Than One Year		7,420,769
2540	Net Pension Liability		1,082,796
2545	Net OPEB Liability		1,046,603
2000	Total Liabilities		<u>10,529,892</u>
DEFERRED INFLOWS OF RESOURCES:			
2605	Deferred Inflow Related to Pensions		137,047
2606	Deferred Inflow Related to OPEB		838,187
2600	Total Deferred Inflows of Resources		<u>975,234</u>
NET POSITION:			
3200	Net Investment in Capital Assets		7,285,564
Restricted For:			
3820	State and Federal Programs		83,092
3850	Debt Service		230,233
3890	Other		1,806
3900	Unrestricted		871,520
3000	Total Net Position	\$	<u>8,472,215</u>

The accompanying notes are an integral part of this statement.

DRISCOLL INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Operating Grants and Contributions	Governmental Activities	
	Governmental Activities:					
11	Instruction	\$ 2,543,217	\$ --	\$ 589,785	\$	(1,953,432)
12	Instructional Resources and Media Services	22,595	--	1,798		(20,797)
13	Curriculum and Staff Development	75,952	--	51,587		(24,365)
21	Instructional Leadership	1,363	--	--		(1,363)
23	School Leadership	251,513	--	14,316		(237,197)
31	Guidance, Counseling, and Evaluation Services	100,430	--	6,915		(93,515)
32	Social Work Services	15,315	--	750		(14,565)
33	Health Services	63,107	--	62,249		(858)
34	Student Transportation	337,443	--	6,807		(330,636)
35	Food Service	309,965	9,480	270,754		(29,731)
36	Cocurricular/Extracurricular Activities	49,216	548	4,779		(43,889)
41	General Administration	412,992	740	16,365		(395,887)
51	Facilities Maintenance and Operations	815,392	--	40,613		(774,779)
52	Security and Monitoring Services	35,641	--	34,938		(703)
53	Data Processing Services	40,755	--	435		(40,320)
61	Community Services	14,536	810	7,070		(6,656)
72	Interest on Long-term Debt	70,301	--	--		(70,301)
73	Bond Issuance Costs and Fees	109,201	--	--		(109,201)
99	Other Intergovernmental Charges	259,146	--	--		(259,146)
TG	Total Governmental Activities	<u>5,528,080</u>	<u>11,578</u>	<u>1,109,161</u>		<u>(4,407,341)</u>
TP	Total Primary Government	<u>\$ 5,528,080</u>	<u>\$ 11,578</u>	<u>\$ 1,109,161</u>		<u>(4,407,341)</u>
General Revenues:						
MT	Property Taxes, Levied for General Purposes					796,371
DT	Property Taxes, Levied for Debt Service					533,237
IE	Investment Earnings					18,179
GC	Grants and Contributions Not Restricted to Specific Programs					2,882,547
MI	Miscellaneous					25,254
TR	Total General Revenues					<u>4,255,588</u>
CN	Change in Net Position					(151,753)
NB	Net Position - Beginning					8,623,968
NE	Net Position - Ending					<u>\$ 8,472,215</u>

The accompanying notes are an integral part of this statement.

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

AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 2,780,119	\$ 250,512	\$ 190,013	\$ 3,220,644
1225 Taxes Receivable, Net	102,797	49,838	--	152,635
1240 Due from Other Governments	437,160	--	339,161	776,321
1260 Due from Other Funds	7,137	--	1,084	8,221
1290 Other Receivables	7,020	--	--	7,020
1410 Unrealized Expenditures	2,655	--	--	2,655
1000 Total Assets	<u>3,336,888</u>	<u>300,350</u>	<u>530,258</u>	<u>4,167,496</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 15,825	\$ --	\$ 2,893	\$ 18,718
2150 Payroll Deductions and Withholdings	1,401	--	--	1,401
2160 Accrued Wages Payable	320,309	--	18,455	338,764
2170 Due to Other Funds	1,633	5,750	--	7,383
2200 Accrued Expenditures	33,956	--	4,188	38,144
2300 Unearned Revenue	129,605	9,966	12,773	152,344
2000 Total Liabilities	<u>502,729</u>	<u>15,716</u>	<u>38,309</u>	<u>556,754</u>
DEFERRED INFLOWS OF RESOURCES:				
2601 Unearned Revenue - Property Taxes	102,797	49,839	--	152,636
2600 Total Deferred Inflows of Resources	<u>102,797</u>	<u>49,839</u>	<u>--</u>	<u>152,636</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3430 Prepaid Items	2,655	--	--	2,655
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	83,092	83,092
3480 Retirement of Long-Term Debt	--	234,795	--	234,795
3490 Other Restrictions of Fund Balance	--	--	1,806	1,806
Committed Fund Balances:				
3510 Construction	--	--	385,699	385,699
3545 Other Committed Fund Balance	1,500,000	--	20,742	1,520,742
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	--	--	610	610
3600 Unassigned	1,228,707	--	--	1,228,707
3000 Total Fund Balances	<u>2,731,362</u>	<u>234,795</u>	<u>491,949</u>	<u>3,458,106</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 3,336,888</u>	<u>\$ 300,350</u>	<u>\$ 530,258</u>	<u>\$ 4,167,496</u>

The accompanying notes are an integral part of this statement.

DRISCOLL 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	\$ 3,458,106
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	14,499,452
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	152,630
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	8,940
Payables for bond principal which are not due in the current period are not reported in the funds.	(6,498,298)
Unamortized deferred charge for refunding is not reported in the funds.	604,581
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,082,796)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(137,047)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	467,507
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(24,401)
Bond premiums are amortized in the SNA but not in the funds.	(1,320,171)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(1,046,603)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(838,187)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	228,502
Net position of governmental activities - Statement of Net Position	<u>\$ 8,472,215</u>

The accompanying notes are an integral part of this statement.

DRISCOLL 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 Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 832,401	\$ 527,076	\$ 39,812	\$ 1,399,289
5800 <i>State Program Revenues</i>	3,055,392	--	37,834	3,093,226
5900 <i>Federal Program Revenues</i>	60,649	--	791,006	851,655
5020 Total Revenues	<u>3,948,442</u>	<u>527,076</u>	<u>868,652</u>	<u>5,344,170</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	1,818,548	--	469,237	2,287,785
0012 <i>Instructional Resources and Media Services</i>	20,410	--	--	20,410
0013 <i>Curriculum and Staff Development</i>	18,437	--	51,604	70,041
0021 <i>Instructional Leadership</i>	1,252	--	--	1,252
0023 <i>School Leadership</i>	226,102	--	--	226,102
0031 <i>Guidance, Counseling, and Evaluation Services</i>	90,368	--	404	90,772
0032 <i>Social Work Services</i>	13,757	--	--	13,757
0033 <i>Health Services</i>	56,299	--	432	56,731
0034 <i>Student Transportation</i>	168,165	--	176	168,341
0035 <i>Food Service</i>	--	--	276,810	276,810
0036 <i>Cocurricular/Extracurricular Activities</i>	42,374	--	2,379	44,753
0041 <i>General Administration</i>	372,609	--	1,199	373,808
0051 <i>Facilities Maintenance and Operations</i>	722,767	--	20,225	742,992
0052 <i>Security and Monitoring Services</i>	(2,400)	--	34,938	32,538
0053 <i>Data Processing Services</i>	37,349	--	--	37,349
0061 <i>Community Services</i>	608	--	12,700	13,308
0071 <i>Principal on Long-term Debt</i>	--	435,000	--	435,000
0072 <i>Interest on Long-term Debt</i>	--	95,027	--	95,027
0073 <i>Bond Issuance Costs and Fees</i>	--	109,201	--	109,201
0081 <i>Capital Outlay</i>	360,083	--	--	360,083
0099 <i>Other Intergovernmental Charges</i>	259,146	--	--	259,146
6030 Total Expenditures	<u>4,205,874</u>	<u>639,228</u>	<u>870,104</u>	<u>5,715,206</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(257,432)</u>	<u>(112,152)</u>	<u>(1,452)</u>	<u>(371,036)</u>
Other Financing Sources and (Uses):				
7901 <i>Refunding Bonds Issued</i>	--	5,938,298	--	5,938,298
7915 <i>Transfers In</i>	15,373	--	4,837	20,210
7916 <i>Premium on Issuance of Bonds</i>	--	1,432,375	--	1,432,375
8911 <i>Transfers Out</i>	(20,210)	--	--	(20,210)
8940 <i>Payment to Bond Refunding Escrow Agent</i>	--	(7,264,571)	--	(7,264,571)
7080 Total Other Financing Sources and (Uses)	<u>(4,837)</u>	<u>106,102</u>	<u>4,837</u>	<u>106,102</u>
1200 Net Change in Fund Balances	<u>(262,269)</u>	<u>(6,050)</u>	<u>3,385</u>	<u>(264,934)</u>
0100 Fund Balances - Beginning	<u>2,993,631</u>	<u>240,845</u>	<u>488,564</u>	<u>3,723,040</u>
3000 Fund Balances - Ending	<u>\$ 2,731,362</u>	<u>\$ 234,795</u>	<u>\$ 491,949</u>	<u>\$ 3,458,106</u>

The accompanying notes are an integral part of this statement.

DRISCOLL 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	\$ (264,934)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	360,083
The depreciation of capital assets used in governmental activities is not reported in the funds.	(549,094)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	14,851
Payments to an escrow agent on refunding bonds are not reported as an other financing use in the SOA.	7,264,571
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	435,000
The accretion of interest on capital appreciation bonds is not reported in the funds.	(24,401)
Amortization of bond premium and deferred amount is an expenditure in the SOA but not in the funds.	49,129
The net revenue (expense) of internal service funds is reported with governmental activities.	(7,153)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(5,938,298)
Bond premiums are reported in the funds but not in the SOA.	(1,432,375)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	56,081
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(151,193)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	74,757
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	(38,777)
Change in net position of governmental activities - Statement of Activities	\$ <u>(151,753)</u>

The accompanying notes are an integral part of this statement.

DRISCOLL INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****INTERNAL SERVICE FUND****AUGUST 31, 2021**Data
Control
CodesNonmajor
Internal Service
FundInsurance
Fund**ASSETS:**

Current Assets:

1110 *Cash and Cash Equivalents*

\$ 18,023

Total Current Assets

18,023

1000 Total Assets

18,023

LIABILITIES:

Current Liabilities:

2170 *Due to Other Funds*

\$ 838

2200 *Accrued Expenses*

8,245

Total Current Liabilities

9,083

2000 Total Liabilities

9,083

NET POSITION:3900 *Unrestricted*

8,940

3000 Total Net Position

\$ 8,940

The accompanying notes are an integral part of this statement.

DRISCOLL 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>	\$ 9,065
5020	Total Revenues	<u>9,065</u>
OPERATING EXPENSES:		
6400	<i>Other Operating Costs</i>	<u>16,218</u>
6030	Total Expenses	<u>16,218</u>
1300	Change in Net Position	(7,153)
0100	Total Net Position - Beginning	<u>16,093</u>
3300	Total Net Position - Ending	<u>\$ 8,940</u>

The accompanying notes are an integral part of this statement.

DRISCOLL INDEPENDENT SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****PROPRIETARY FUNDS****FOR THE YEAR ENDED AUGUST 31, 2021**

	Enterprise Funds Nonmajor Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	\$ 9,065
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(15,980)
Net Cash Provided (Used) by Operating Activities	<u>(6,915)</u>
Cash Flows from Investing Activities:	
<i>Interest and Dividends on Investments</i>	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,915)
Cash and Cash Equivalents at Beginning of Year	24,938
Cash and Cash Equivalents at End of Year	<u>\$ 18,023</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (7,153)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Interfund Receivables</i>	--
<i>Increase (Decrease) in Interfund Payables</i>	--
<i>Increase (Decrease) in Accrued Expenditures</i>	238
Total Adjustments	<u>238</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,915)</u>

The accompanying notes are an integral part of this statement.

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

<u>Data Control Codes</u>		<u>Custodial Funds</u>
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 7,269
1000	Total Assets	<u>7,269</u>
LIABILITIES:		
Current Liabilities:		
2180	<i>Due to Other Governments</i>	\$ 343
2000	Total Liabilities	<u>343</u>
NET POSITION:		
3800	<i>Restricted for Student Activities</i>	6,926
3000	Total Net Position	<u>\$ 6,926</u>

The accompanying notes are an integral part of this statement.

DRISCOLL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Custodial Funds
ADDITIONS:	
Investment Income	\$ --
Student Group Fundraising Activities	--
Total Additions	--
DEDUCTIONS:	
Supplies and Materials	701
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	701
Change in Fiduciary Net Position	(701)
Net Position-Beginning of the Year (Restated)	7,627
Net Position-End of the Year	\$ 6,926

The accompanying notes are an integral part of this statement.

This page is left blank intentionally.

DRISCOLL 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 Driscoll 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.

DRISCOLL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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, with the exception of property taxes which are fully deferred. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

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

January 1, 2020, upon which the levy for the 2021 fiscal year was based, was \$83,003,920.

The tax rates assessed for the year ended August 31, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9644 and \$.6500 per \$100 valuation, respectively, for a total of \$1.6164 per \$100 valuation.

Current tax collections for the year ended August 31, 2021, were 98.62% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on the rates adopted for the year of the levy.

Delinquent Taxes Receivable

The following table shows a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for the District:

	Balance 09/01/20	Current Year Levy	Total Collections	Yearly Adjustments	Balance 08/31/21
Delinquent Taxes Receivable	\$ 234,232	\$ 1,305,385	\$ 1,287,383	\$ (3,151)	\$ 249,083
Allowance for Uncollectible Taxes	(96,447)				(96,447)
Net Delinquent Taxes Receivable	<u>\$ 137,785</u>	<u>\$ 1,305,385</u>	<u>\$ 1,287,383</u>	<u>\$ (3,151)</u>	<u>\$ 152,636</u>

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

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

DRISCOLL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary.

The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or provide service. Common indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors ; technological developments, or other evidence of obsolescence; changes in the manner of duration of use of capital assets; or construction stoppage due to lack of funding. There were no impairment charges during fiscal 2021.

e. **Deferred Outflows and Inflows of Resources**

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

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

f. **Receivable and Payable Balances**

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

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

g. **Compensated Absences**

At August 31, 2021, the District had no liability for accrued sick leave or vacation leave.

h. **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.

i. **Use of Estimates**

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

j. **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.

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

k. 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. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

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

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

l. 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.

m. 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

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

pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

GASB Statement No. 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 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.

7. Future Implementation of New Standards

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

The effective dates for the following pronouncements are postponed by one year:

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

DRISCOLL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 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>
In the Debt Service Fund, certain functional expenditures and other uses exceeded the appropriated amounts.	In the future, the budget will be amended before issuance of refunding bonds.

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 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 \$2,865,761 and the bank balance was \$2,881,082. 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:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

The Act determines the types of investments which are allowable for the District. These include, with certain

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

restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

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

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexStar Investment pool (Rated AAA)	Less than one year	\$ 190,443
Lone Star Investment Pool (Rated AAAM)	Less than one year	189,733
Total Investments		<u>\$ 380,176</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2021, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a

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

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

Public Funds Investment Pools

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

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

D. Capital Assets

Capital asset activity for the year ended 2021, Driscoll Independent School District, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 47,851	\$ --	\$ --	\$ 47,851
Construction in progress	2,765,453	360,083	3,125,536	--
Total capital assets not being depreciated	2,813,304	360,083	3,125,536	47,851
<i>Capital assets being depreciated:</i>				
Buildings and improvements	14,342,259	3,125,536	--	17,467,795
Equipment	614,867	--	--	614,867
Vehicles	854,878	--	--	854,878
Total capital assets being depreciated	15,812,004	3,125,536	--	18,937,540
Less accumulated depreciation for:				
Buildings and improvements	(2,974,016)	(457,257)	--	(3,431,273)
Equipment	(389,185)	(46,323)	--	(435,508)
Vehicles	(573,644)	(45,514)	--	(619,158)
Total accumulated depreciation	(3,936,845)	(549,094)	--	(4,485,939)
Total capital assets being depreciated, net	11,875,159	2,576,442	--	14,451,601
Governmental activities capital assets, net	\$ 14,688,463	\$ 2,936,525	\$ 3,125,536	\$ 14,499,452

Depreciation was charged to functions as follows:

Instruction	\$ 202,038
Instructional Resources and Media Services	1,813
Curriculum and Staff Development	5,911
Instructional Leadership	111
School Leadership	20,083
Guidance, Counseling, & Evaluation Services	8,062
Social Work Services	1,222

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

Health Services	5,039
Student Transportation	167,206
Food Services	25,691
Extracurricular Activities	3,764
General Administration	33,202
Plant Maintenance and Operations	67,350
Security and Monitoring Services	3,103
Data Processing Services	3,317
Community Services	1,182
	<u>\$ 549,094</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	Debt Service Fund	\$ 5,750	Short-term loans
General Fund	Internal Service Fund	838	Short-term loans
General Fund	Other General Funds	549	Capital projects expenditures
Other Governmental Funds	General Fund	1,084	Short-term loans
	Total	<u>\$ 8,221</u>	

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

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
General fund	Other General Fund	\$ 15,373	Reimburse expenditures
General fund	Other Governmental Funds	4,837	Supplement other funds sources
	Total	<u>\$ 20,210</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.

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, Driscoll 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
Bonds and Notes:							
Unlimited Tax							
Current	2.0%						
Interst Bonds	to						

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

Series 2013	4.0%	\$6,185,000	\$	5,655,000	\$	--	\$	4,985,000	\$	670,000	\$	330,000
Unlimited Tax Capital Appreciation Bonds Series 2013	5.05% to 5.31%	1,278,306		1,278,306		--		1,278,306		--		--
Unlimited Tax Refunding Bonds Series 2021	0.29% to 2.40%	5,938,298		--		5,938,298		110,000		5,828,298		--
Sub-Totals				<u>6,933,306</u>		<u>5,938,298</u>		<u>6,373,306</u>		<u>6,498,298</u>		<u>330,000</u>
Bond Premium and Discount on Issuance				119,044		1,432,375		231,248		1,320,171		92,102
Bond Accretion on Capital Appreciation Bonds				530,912		57,343		563,854		24,401		--
Net Pension Liability				1,034,146		132,067		83,417		1,082,796		--
Net OPEB Liability				1,362,718		(295,189)		20,926		1,046,603		--
				<u>\$ 9,980,126</u>		<u>\$ 7,264,894</u>		<u>\$ 7,272,751</u>		<u>\$ 9,972,269</u>		<u>\$ 422,102</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at 2021, Driscoll Independent School District, are as follows:

Year Ending 2021,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 330,000	\$ 126,921	\$ 456,921
2023	340,000	117,021	457,021
2024	340,000	106,821	446,821
2025	345,000	105,019	450,019
2026	32,767	420,044	452,811
2027-2031	395,531	1,858,524	2,254,055
2032-2036	1,830,000	426,194	2,256,194
2037-2041	2,025,000	238,620	2,263,620
2042-2043	860,000	30,868	890,868
Totals	<u>\$ 6,498,298</u>	<u>3,430,032</u>	<u>9,928,330</u>

3. Advance Refunding of Debt

The District issued \$5,938,298 Driscoll Independent School District Unlimited Tax Refunding Bonds Taxable Series 2021 in January of 2021. The District refunded \$5,938,306 of the 2013 bond issue that was outstanding at August 31, 2020. The interest rate of the refunding bonds ranges from .29% to 2.40%. The refunding bonds are anticipated to generate a gross saving to the District of \$1,676,665 and present value savings of \$1,306,233.

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of 2021, Driscoll Independent School District, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

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

<u>Bond Issue</u>	<u>Amount</u>
Series 2013	<u>6,628,306</u>
Total	<u><u>6,628,306</u></u>

4. SEC Exemptive Relief

On February 9, 1996, TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than \$10 million of outstanding municipal securities. The District qualifies for this exemption.

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 Driscoll Independent School District, 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, Driscoll 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.

Workers' 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 began September 1, 2020 and ended September 1, 2021. The District's maximum financial exposure for the plan year is \$27,499. Any costs above this amount 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 \$350,000. 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 \$250,000 per occurrence and aggregate stop-loss attachment at \$1,000,000. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

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

catastrophes. That reserve was \$8,940 at 8/31/21, and is reported as reserved Net Assets of the Worker's Compensation Internal Service Fund. The claims liability of \$8,245 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 two years are:

	Year Ended 8/31/21	Year Ended 8/31/20
Unpaid claims, beginning of year	\$ 8,245	\$ 8,007
Current year claims and changes in estimate	15,980	4,690
Claim payments	(15,980)	(4,452)
Unpaid claims, end of year	\$ 8,245	\$ 8,245

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, selecting About TRS or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their) beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement 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

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

years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided are determined by the System's actuary.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for the 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

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

<u>Contribution Rates</u>		
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
District's 2021 Employer Contributions	\$ 90,515	
District's 2021 Member Contributions	\$ 201,865	
2020 NECE On-Behalf Contributions (state)	\$ 126,143	

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the

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

member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

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

5. Actuarial Assumptions

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

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

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

6. Discount Rate

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

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

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

Asset Class	Target Allocation *	Long-Term Expected Arithmetic Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%

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

Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	(0.70)%	(0.05)%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources & Infrastructure	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	1.50%	(0.03)%
Asset Allocation Leverage	(6.00%)	1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ***	-		(0.67)%
Total	100.0%		7.33%

* Target allocations are based on the FY2020 policy model.
** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)
*** The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using a discount rate of 7.25 percent, and what the net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	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:	\$ 1,669,651	\$ 1,082,796	\$ 605,988

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 \$1,082,796 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 1,082,796
State's proportionate share that is associated with District	<u>1,637,406</u>
Total	<u>\$ 2,720,202</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0020217268 percent which was an increase (decrease) of 0.0000323382% from its proportion measured as of August 31, 2019.

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

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2021, the District recognized pension expense of \$382,571 and revenue of \$196,944 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,977	\$ 30,218
Changes in actuarial assumptions	251,247	106,829
Difference between projected and actual investment earnings	21,920	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	101,848	--
Contributions paid to TRS subsequent to the measurement date	90,515	--
Total	<u>\$ 467,507</u>	<u>\$ 137,047</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	\$ 58,761
2023	\$ 81,074
2024	\$ 70,611
2025	\$ 32,739
2026	\$ (3,660)
Thereafter	\$ 420

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Com-

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

prehensive 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/cafr_2020.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 and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

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

4. Contributions

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

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

Contribution Rates	
	Rate
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding *	1.25%
Total	
* Contributions paid from federal funds and private grants are remitted	

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

by the employer and paid at the State rate.

District's 2021 Employer Contributions	\$	23,421
District's 2021 Member Contributions	\$	17,041
2020 NECE On-Behalf Contributions (state)	\$	28,119

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

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

5. Actuarial Assumptions

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

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

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
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	4.50% to 4.25%
Election Rates	Normal Retirement: 65% participation prior to age

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

	65 and 45% participation after age 65.
Ad Hoc Post-Employment Benefit Changes	None

6. Discount Rate

A single discount rate of 2.33 percent was used to measure the total OPEB liability. This was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 1,255,922	\$ 1,046,603	\$ 881,272

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 \$1,046,603 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	\$ 1,046,603
State's proportionate share that is associated with the District	\$ 1,406,384
Total	\$ <u>2,452,987</u>

The Net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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 0.0027531679% which was an increase (decrease) of -0.0001283781% 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 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend	Current Single Healthcare Trend	1% Increase in Healthcare Trend
--	------------------------------------	------------------------------------	------------------------------------

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

	Rate	Rate	Rate
District's proportionate share of net OPEB liability	\$ 854,941	\$ 1,046,603	\$ 1,301,871

9. Changes Since the Prior Actuarial Valuation

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

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

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

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	\$ 54,800	\$ 478,979
Changes in actuarial assumptions	64,554	287,403
Differences between projected and actual investment earnings	361	21
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	85,366	71,784
Contributions paid to TRS subsequent to the measurement date	23,421	
Total	\$ 228,502	\$ 838,187

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	\$ (104,408)
2023	\$ (104,453)
2024	\$ (104,480)
2025	\$ (104,473)
2026	\$ (76,517)
Thereafter	\$ (138,775)

For the year ended August 31, 2021, the District recognized OPEB expense of \$(22,324) and revenue of

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

\$(9,765) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2021, the subsidy payment received by TRS-Care on behalf of the District was \$11,266.

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 \$160 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

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

Latest financial statements for the Aetna 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. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through MONTH XX, 202X (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there are no non-recognized Type II subsequent event that requires additional disclosure:

M. Concentration of Risk

The District is located within Nueces County, Texas and it derives approximately 25% of all revenue from property taxes and related penalties and interest. The District's top ten taxpayers have a total taxable property value of \$27,682,980 or 33.4% of the total property tax value of \$83,003,920. All of the top ten taxpayers are oil and gas

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

related.

Taxpayer	Taxable Value	Percent of Total Taxable Value
Urban Oil & Gas Group LLC	\$ 6,372,539	7.7%
Valley Crossing Pipeline LLC	4,400,610	5.3%
Net Mexico Pipeline Partners	3,761,180	4.5%
Houston Pipeline Company LP	3,083,890	3.7%
Union Pacific RR Company	2,750,340	3.3%
AEP Texas Inc.	2,093,320	2.5%
DCP South Central Texas LLC	2,056,130	2.5%
Driscoll Children's Hospital	1,205,431	1.5%
Lobo Pipeling Company LLC	1,047,760	1.3%
Urban Oil & Gas Group	911,780	1.1%
Total Top Ten	<u>\$ 27,682,980</u>	<u>33.4%</u>
Total All Taxpayers	<u>\$ 83,003,920</u>	<u>100.0%</u>

N. 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 Capital Programs. Amounts due from federal and state governments as of August 31, 2021, are reported on the financial statements as Due from Other Governments and are summarized below:

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal/State Grants</u>	<u>Total</u>
General	\$ 437,160	\$ --	\$ 437,160
Other Governmental	--	339,161	339,161
Total	<u>\$ 437,160</u>	<u>\$ 339,161</u>	<u>\$ 776,321</u>

O. Fund Balances

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

General Fund

Nonspendable:	
Prepaid Items	<u>2,655</u>
Committed:	
Other	<u>1,500,000</u>
Unassigned:	<u>1,228,707</u>
Total General Fund fund balance	<u>2,728,707</u>

Debt Service Fund

Restricted	
Retirement of Long-Term Debt	<u>234,795</u>
Total Debt Service Fund fund balance	<u>234,795</u>

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

Other Governmental Funds

Restricted:	
Child Nutrition	81,634
State Textbook Fund	1,458
Monsanto Grant Fund	1,806
	<u>84,898</u>
Committed:	
Construction	385,699
Campus Activity Funds	20,742
	<u>406,441</u>
Assigned:	
UIL/Teacher Training	610
	<u>610</u>
Total Other Governmental Fund fund balance	<u>491,949</u>
Total Governmental fund balance	<u>\$ 3,455,451</u>

P. COVID-19

In November of 2019, the United States learned of the virus known as COVID-19. Over the last year, it has changed the dynamics of the economy including the New York Stock Exchange, which has remained volatile.

The District and its Board of Trustees have no control over these global and national events, except to try to guide the District through these condition they present. These conditions may include, but may not be limited to:

1. Unstable economic environment
2. Potentially violent fluctuations in the stock market
3. Potential shortages of basic goods and services
4. Managing any loss of revenue and unexpected expenditures that may occur

As of the audit date, the District has had no material effect on the financial statements as a result of these conditions.

Q. Unearned Revenue

Unearned revenue at year end considered of the following:

Revenue Description	General Fund	Debt Service Fund	Other Governmental Funds	Total
Grant Programs	\$ --	\$ --	\$ 12,773	\$ 12,773
Other	129,605	9,966	--	139,571
Total Unearned Revenue	<u>\$ 129,605</u>	<u>\$ 9,966</u>	<u>\$ 12,773</u>	<u>\$ 152,344</u>

R. 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 only custodial fund type fiduciary activities. Because this statement was implemented retroactively, it resulted in a restatement of the prior period net position balances of

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

Custodial Funds. The restatement is as follows:

Fiduciary Funds - Custodial Funds
Statement of Net Position

	Custodial Funds
Net Position at August 31, 2020, as previously reported	\$ --
Addition of Net Position as calculated pursuant to GASB 84	7,627
Net Position August 31, 2020, as restated	<u>\$ 7,627</u>

This page is left blank intentionally.

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.

DRISCOLL 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	\$ 879,080	\$ 879,080	\$ 832,401	\$ (46,679)
5800	State Program Revenues	3,319,204	3,319,204	3,055,392	(263,812)
5900	Federal Program Revenues	60,000	60,000	60,649	649
5020	Total Revenues	4,258,284	4,258,284	3,948,442	(309,842)
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	2,028,472	2,035,080	1,818,548	216,532
0012	Instructional Resources and Media Services	40,785	43,461	20,410	23,051
0013	Curriculum and Staff Development	39,470	28,470	18,437	10,033
	Total Instruction and Instr. Related Services	2,108,727	2,107,012	1,857,395	249,617
Instructional and School Leadership:					
0021	Instructional Leadership	4,300	4,300	1,252	3,048
0023	School Leadership	232,930	234,029	226,102	7,927
	Total Instructional and School Leadership	237,230	238,329	227,354	10,975
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	103,150	101,508	90,368	11,140
0032	Social Work Services	13,825	14,989	13,757	1,232
0033	Health Services	57,825	58,382	56,299	2,083
0034	Student (Pupil) Transportation	202,474	185,969	168,165	17,804
0036	Cocurricular/Extracurricular Activities	66,300	57,391	42,374	15,017
	Total Support Services - Student (Pupil)	443,574	418,239	370,963	47,276
Administrative Support Services:					
0041	General Administration	407,791	400,395	372,609	27,786
	Total Administrative Support Services	407,791	400,395	372,609	27,786
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	687,762	762,700	722,767	39,933
0052	Security and Monitoring Services	7,700	7,700	(2,400)	10,100
0053	Data Processing Services	37,780	39,577	37,349	2,228
	Total Support Services - Nonstudent Based	733,242	809,977	757,716	52,261
Ancillary Services:					
0061	Community Services	9,275	9,275	608	8,667
	Total Ancillary Services	9,275	9,275	608	8,667
Capital Outlay:					
0081	Capital Outlay	1,122,727	1,122,727	360,083	762,644
	Total Capital Outlay	1,122,727	1,122,727	360,083	762,644
0099	Other Intergovernmental Charges	278,490	270,459	259,146	11,313
	Total Intergovernmental Charges	278,490	270,459	259,146	11,313
6030	Total Expenditures	5,341,056	5,376,413	4,205,874	1,170,539
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(1,082,772)	(1,118,129)	(257,432)	860,697

DRISCOLL 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		
	Other Financing Sources (Uses):				
7915	Transfers In	1,122,727	1,122,727	15,373	(1,107,354)
8911	Transfers Out	--	(989,000)	(20,210)	968,790
7080	Total Other Financing Sources and (Uses)	1,122,727	133,727	(4,837)	(138,564)
1200	Net Change in Fund Balance	39,955	(984,402)	(262,269)	722,133
0100	Fund Balance - Beginning	2,993,631	2,993,631	2,993,631	--
3000	Fund Balance - Ending	<u>\$ 3,033,586</u>	<u>\$ 2,009,229</u>	<u>\$ 2,731,362</u>	<u>\$ 722,133</u>

DRISCOLL 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)	0.0020217268%	0.0019893886%	0.0017757641%	0.0017661472%	0.0017268690%	0.0015614000%	0.0012874000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,082,796	\$ 1,034,146	\$ 977,424	\$ 564,719	\$ 652,558	\$ 551,934	\$ 343,883
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	1,637,406	1,734,135	1,886,984	1,224,863	1,430,764	1,332,489	1,074,803
Total	<u>\$ 2,720,202</u>	<u>\$ 2,768,281</u>	<u>\$ 2,864,408</u>	<u>\$ 1,789,582</u>	<u>\$ 2,083,322</u>	<u>\$ 1,884,423</u>	<u>\$ 1,418,686</u>
District's Covered Payroll	\$ 2,427,569	\$ 2,350,474	\$ 2,243,942	\$ 2,246,866	\$ 2,117,668	\$ 1,912,482	\$ 1,884,239
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	44.60%	44.00%	43.56%	25.13%	30.81%	28.86%	18.25%
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."

DRISCOLL 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	\$ 90,515	\$ 84,103	\$ 68,299	\$ 59,202	\$ 57,479	\$ 54,860	\$ 46,080
Contribution in Relation to the Contractually Required Contribution	(90,515)	(84,103)	(68,299)	(59,202)	(57,479)	(54,860)	(46,080)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,621,620	\$ 2,427,569	\$ 2,416,573	\$ 2,243,942	\$ 2,246,866	\$ 2,117,668	\$ 1,912,482
Contributions as a percentage of Covered Payroll	3.45%	3.46%	2.83%	2.64%	2.56%	2.59%	2.41%

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."

DRISCOLL 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)	0.0027531679%	0.0028815460%	0.0027125909%	0.0027039757%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,046,603	\$ 1,362,718	\$ 1,354,421	\$ 1,175,858
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	1,406,384	1,810,748	1,801,462	1,727,806
Total	<u>\$ 2,452,987</u>	<u>\$ 3,173,466</u>	<u>\$ 3,155,883</u>	<u>\$ 2,903,664</u>
District's Covered Payroll	\$ 2,427,569	\$ 2,416,573	\$ 2,243,942	\$ 2,246,866
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	43.11%	56.39%	60.36%	52.33%
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."

DRISCOLL 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	\$ 23,421	\$ 19,708	\$ 20,413	\$ 18,712
Contribution in Relation to the Contractually Required Contribution	(23,421)	(19,708)	(20,413)	(18,712)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,621,620	\$ 2,427,569	\$ 2,420,513	\$ 2,243,942
Contributions as a percentage of Covered Payroll	0.89%	0.81%	0.84%	0.83%

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."

DRISCOLL 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.

DRISCOLL 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		1.04		.225		130,251,779
2014		1.04		.225		114,764,080
2015		1.04		.515		114,073,848
2016		1.04		.585		94,881,208
2017		1.04		.6662		84,326,019
2018		1.04		.6598		89,443,404
2019		1.06		.5495		116,956,836
2020		.97		.3202		106,593,872
2021 (School Year Under Audit)		.9664		.65		83,003,920

1000 Totals

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

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
\$ 62,296	\$ --	\$ 1,983	\$ 415	\$ --	\$ 59,898
9,257	--	144	32	--	9,081
10,655	--	109	24	--	10,522
11,874	--	212	105	--	11,557
12,074	--	344	193	(284)	11,253
16,793	--	2,125	1,361	(752)	12,555
17,602	--	1,106	702	728	16,522
31,965	--	8,627	4,472	(31)	18,835
61,716	--	14,082	6,631	(2,812)	38,191
--	1,305,385	744,185	500,531	--	60,669
<u>\$ 234,232</u>	<u>\$ 1,305,385</u>	<u>\$ 772,917</u>	<u>\$ 514,466</u>	<u>\$ (3,151)</u>	<u>\$ 249,083</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

DRISCOLL INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2021

Data Control Codes		Responses
<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.	\$ 402,787
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)	\$ 350,512
<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.	\$ 4,169
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 9,441

DRISCOLL INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3****NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 22,200	\$ 22,200	\$ 9,480	\$ (12,720)
5800	State Program Revenues	9,500	9,500	12,433	2,933
5900	Federal Program Revenues	233,650	233,650	257,255	23,605
5020	Total Revenues	265,350	265,350	279,168	13,818
EXPENDITURES:					
Current:					
	Support Services - Student (Pupil):				
0035	Food Services	265,350	295,685	276,810	18,875
	Total Support Services - Student (Pupil)	265,350	295,685	276,810	18,875
6030	Total Expenditures	265,350	295,685	276,810	18,875
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(30,335)	2,358	32,693
1200	Net Change in Fund Balance	--	(30,335)	2,358	32,693
0100	Fund Balance - Beginning	79,276	79,276	79,276	--
3000	Fund Balance - Ending	\$ 79,276	\$ 48,941	\$ 81,634	\$ 32,693

DRISCOLL INDEPENDENT SCHOOL DISTRICT
EXHIBIT J-4
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	<i>Local and Intermediate Sources</i>	\$ 535,112	\$ 535,112	\$ 527,076	\$ (8,036)
5800	<i>State Program Revenues</i>	40,000	40,000	--	(40,000)
5020	Total Revenues	<u>575,112</u>	<u>575,112</u>	<u>527,076</u>	<u>(48,036)</u>
	EXPENDITURES:				
	Debt Service:				
0071	<i>Principal on Long-Term Debt</i>	445,000	445,000	435,000	10,000
0072	<i>Interest on Long-Term Debt</i>	84,700	84,500	95,027	(10,527)
0073	<i>Bond Issuance Costs and Fees</i>	2,500	2,700	109,201	(106,501)
	Total Debt Service	<u>532,200</u>	<u>532,200</u>	<u>639,228</u>	<u>(107,028)</u>
6030	Total Expenditures	<u>532,200</u>	<u>532,200</u>	<u>639,228</u>	<u>(107,028)</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>42,912</u>	<u>42,912</u>	<u>(112,152)</u>	<u>(155,064)</u>
	Other Financing Sources (Uses):				
7901	<i>Refunding Bonds Issued</i>	--	--	5,938,298	5,938,298
7916	<i>Premium or Discount on Issuance of Bonds</i>	--	--	1,432,375	1,432,375
8940	<i>Payment to Bond Refunding Escrow Agent</i>	--	--	(7,264,571)	(7,264,571)
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>106,102</u>	<u>106,102</u>
1200	Net Change in Fund Balance	<u>42,912</u>	<u>42,912</u>	<u>(6,050)</u>	<u>(48,962)</u>
0100	Fund Balance - Beginning	240,845	240,845	240,845	--
3000	Fund Balance - Ending	<u>\$ 283,757</u>	<u>\$ 283,757</u>	<u>\$ 234,795</u>	<u>\$ (48,962)</u>

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
Driscoll Independent School District
P. O. Box 238
Driscoll, Texas 78351

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 Driscoll Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Driscoll Independent School District's basic financial statements, and have issued our report thereon dated January 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Driscoll 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 Driscoll Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Driscoll 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 Driscoll Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

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

Lovvorn & Kieschnick, LLP

Corpus Christi, TX
January 17, 2022

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

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

Board of Trustees
Driscoll Independent School District
P. O. Box 238
Driscoll, Texas 78351

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Driscoll 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 Driscoll Independent School District's major federal programs for the year ended August 31, 2021. Driscoll 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 Driscoll 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 Driscoll 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 Driscoll Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Driscoll 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 Driscoll 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 Driscoll 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 Driscoll 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
January 17, 2022

DRISCOLL 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>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
84.425D	ESSER Grant
84.425D	ESSER II
84.425U	ESSER III

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

Auditee qualified as low-risk auditee? Yes x No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

DRISCOLL 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>
There were no findings or questioned costs in the prior year.		

DRISCOLL INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2021

Program

Corrective Action Plan

N/a

No corrective action required

DRISCOLL 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	529-07-0157 -00172	\$ -- \$ 2,774
CARES Act - PRF	93.498	529-07-0157 -00172	1,827
Total U. S. Department of Health and Human Services			<u>--</u> <u>4,601</u>
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	2161010117890	-- 115,937
IDEA-B Cluster:			
IDEA-Part B, Formula	84.027A	2166000117890	-- 58,584
IDEA-Part B, Preschool	84.173A	2166100117890	-- 2,140
Total IDEA-B Cluster:			<u>--</u> <u>60,724</u>
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	2169450117890	-- 14,336
ESSER Grant	84.425D	2052100117890	-- 37,493
ESSER II	84.425D	2152100117890	-- 24,776
Total CFDA Number 84.425D			<u>--</u> <u>62,269</u>
ESSER III	84.425U	2152800117890	-- 240,038
Rural Education Achievement Program	84.358	042614800	-- 20,853
Title IV, Part A, Subpart 1	84.424A	2168010117890	-- 10,000
Title IV, Part A, Subpart 1	84.424A	2068010117890	-- 6,820
Total CFDA Number 84,424A			<u>--</u> <u>--</u>
Total Passed Through State Department of Education			<u>--</u> <u>530,977</u>
Total U. S. Department of Education			<u>--</u> <u>530,977</u>
<u>U. S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	178-905	-- 88,706
National School Lunch Program	10.555	178-905	-- 148,521
Total Child Nutrition Cluster			<u>--</u> <u>237,228</u>
Commodity Supplemental Food Program	10.565	178-905	-- 20,028
Total Passed Through Texas Department of Agriculture			<u>--</u> <u>257,256</u>
Total U. S. Department of Agriculture			<u>--</u> <u>257,256</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ --</u> <u>\$ 792,834</u>

The accompanying notes are an integral part of this schedule.

DRISCOLL 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	851,655
Less: School Health & Related Services (SHARS) reported in General Fund	<u>(58,821)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>792,834</u></u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Driscoll 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.

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