

CELINA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

CELINA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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CERTIFICATE OF BOARD

Celina Independent School District
Name of School District

Collin
County

043-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) X approved _____ disapproved for the year ended June 30, 2021 at a meeting of the Board of Trustees of such school district on the 15th day of November, 2021.

/s/ Tracey Balsamo

/s/ Kelly Juergens

Signature of Board **Secretary**

Signature of Board **President**

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

Morgan, Davis, & Company, P.C.

Post Office Box 8158
Greenville, Texas 75404

**Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information
and Other Information**

Independent Auditor's Report

Celina Independent School District
205 South Colorado
Celina, Texas 75009

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 Celina Independent School District as of June 30, 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.

Other Matters

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules contained in Exhibits G-1, G-2, G-3, G-4, & G-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain

limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Celina Independent School District's basic financial statements. The Combining Statements for Nonmajor Governmental Funds contained in Exhibits H-1 & H-2 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statements for Nonmajor Governmental Funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements for Nonmajor Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-2, J-3, & J-4. We have applied certain limited procedures to this supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted on inquiries of management about 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 Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2021 on our consideration of Celina 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Celina Independent School District's internal control over financial reporting and compliance.

/s/ Morgan, Davis & Company, P.C.

Morgan, Davis, & Company, P.C.
Greenville, Texas

November 7, 2021

CELINA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

In this section of the Annual Financial and Compliance Report, we, the administrators of Celina Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$437,146 as a result of this year's operations.
- The District's liabilities and deferred inflows exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$7,641,932 which represents the District's total combined net position.
- As of June 30, 2021, the District's governmental funds reported a combined fund balance of \$53,038,211 compared to \$27,162,462 for the last fiscal year. Included in this combined fund balance is unspent bond proceeds of \$33,765,376 in the Bond Construction Funds. The General Fund reported a fund balance of \$8,637,640 this fiscal year compared to \$8,584,543 the last fiscal year.
- The District's total tax rate for the 2020-2021 school year was \$ 1.4832 with \$ 0.9832 for maintenance & operation and \$ 0.5000 for debt service.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 12 and 13). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 14) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 25) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by T.E.A. The section labeled Required Texas Education Agency Schedules contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 12. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 14 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the ESEA Title 1 Part A from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes. The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

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

- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds (a category of proprietary funds) report activities that provide services for the District's other programs and activities—such as the District's self-insurance programs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District is presenting government-wide financial analysis in the form of current year data and prior year data and the changes in these accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$(8,079,078) last year to \$(7,641,932) at June 30, 2021. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from \$(10,249,443) last year to \$(10,999,772) at June 30, 2021.

Changes in net position of the District's governmental activities were a \$1,424,138 decrease last year compared to a \$437,146 increase at June 30, 2021.

Table I
Celina Independent School District
NET POSITION

	Governmental Activities 6/30/2021	Governmental Activities 6/30/2020	Net Change
Current and other assets	\$60,587,614	\$33,287,682	\$27,299,932
Capital assets	150,101,122	138,322,896	11,778,226
Total assets	<u>\$210,688,736</u>	<u>\$171,610,578</u>	<u>\$39,078,158</u>
Deferred Outflows	\$4,942,370	\$5,707,617	(\$765,247)
Current and other liabilities	\$9,770,473	\$8,095,318	\$1,675,155
Long-term liabilities	\$191,258,791	\$154,812,627	36,446,164
Net Pension Liability (District's Share)	\$7,087,738	\$7,204,480	(116,742)
Net OPEB Liability (District's Share)	7,990,017	9,690,421	(1,700,404)
Total liabilities	<u>\$216,107,019</u>	<u>\$179,802,846</u>	<u>\$38,121,319</u>
Deferred Inflows	\$7,166,019	\$5,594,427	\$1,571,592
Net Position:			
Net Investment in Capital Assets	(\$7,392,293)	(\$7,005,219)	(\$387,074)
Restricted	10,750,133	9,175,584	1,574,549
Unrestricted	<u>(10,999,772)</u>	<u>(10,249,443)</u>	<u>(750,329)</u>
Total net position	<u><u>(\$7,641,932)</u></u>	<u><u>(\$8,079,078)</u></u>	<u><u>\$437,146</u></u>

Table II
Celina Independent School District
CHANGES IN NET POSITION

	Governmental Activities Yr Ended 6/30/2021	Governmental Activities Yr Ended 6/30/2020	Net Change
Revenues:			
Program Revenues:			
Charges for Services	\$1,501,453	\$2,517,630	(\$1,016,177)
Operating grants and contributions	2,754,236	3,228,651	(474,415)
General Revenues:			
Maintenance and operations taxes	17,424,322	16,373,707	1,050,615
Debt service taxes	8,860,672	7,804,833	1,055,839
State aid - formula grants	10,783,743	9,258,545	1,525,198
Grants & Contributions not restricted to specific functions	394,469	537,570	(143,101)
Investment Earnings	301,071	697,384	(396,313)
Miscellaneous	3,321,604	464,978	2,856,626
Total Revenue	<u>\$45,341,570</u>	<u>\$40,883,298</u>	<u>\$4,458,272</u>
Expenses:			
Instruction, curriculum and media services	\$21,055,806	\$20,385,791	\$670,015
Instructional and school leadership	2,507,383	2,587,359	(79,976)
Student support services	2,980,491	3,130,378	(149,887)
Child nutrition	1,167,025	1,217,752	(50,727)
Co curricular activities	2,471,729	2,192,960	278,769
General administration	1,757,052	1,648,561	108,491
Plant maintenance, security & data processing	5,395,460	4,690,976	704,484
Debt services	6,606,172	5,549,087	1,057,085
Payments to fiscal agents	789,644	728,977	60,667
Other intergovernmental charges	173,662	161,421	12,241
Total Expenses	<u>\$44,904,424</u>	<u>\$42,293,262</u>	<u>\$2,611,162</u>
Increase in net position before transfers and special items	\$437,146	(\$1,409,964)	\$1,847,110
Transfers	0	0	0
Special Items - Loss on Asset Sale	0	(14,174)	14,174
Net position at Beginning of Fiscal Year	<u>(8,079,078)</u>	<u>(6,654,940)</u>	<u>(1,424,138)</u>
Net position at End of Fiscal Year	<u><u>(\$7,641,932)</u></u>	<u><u>(\$8,079,078)</u></u>	<u><u>\$437,146</u></u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in Exhibit C-3 on page 18) reported a combined fund balance of \$53,038,211 compared to \$27,162,462 for the last fiscal year. The District's General Fund reported a fund balance increase of \$53,097, ending the year with \$8,637,640. The District's Special Revenue Funds reported a fund balance increase of \$108,363, ending the year with \$455,984. The District's Debt Service Fund reported a fund balance increase of \$1,433,425, ending the year with \$10,179,211. The District's Bond Construction Funds reported a fund balance combined increase of \$24,280,864, ending the year with \$33,765,376.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments included amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in June 2020) and amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

During the year ended June 30, 2021, the District invested \$16,025,224 in capital assets, consisting of construction in progress, miscellaneous facility improvements, and various equipment & furnishings.

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

	<u>Beginning</u>			
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$14,165,893	\$0	\$0	\$14,165,893
Buildings & Improvements	129,350,764	19,485,970	0	148,836,734
Equipment	5,321,744	313,998	0	5,635,742
Vehicles	3,627,381	0	0	3,627,381
Capital Lease Equipment	1,818,049	0	0	1,818,049
Construction in Progress	18,052,764	(3,774,744)	0	14,278,020
Totals at Historical Cost	172,336,595	16,025,224	0	188,361,819
Less accumulated depreciation for:				
Buildings & Improvements	(28,204,808)	(3,309,510)	0	(31,514,318)
Equipment	(2,840,686)	(502,201)	0	(3,342,887)
Vehicles	(2,715,580)	(175,566)	0	(2,891,146)
Capital Lease Equipment	(252,625)	(259,721)	0	(512,346)
Total accumulated depreciation	(34,013,699)	(4,246,998)	0	(38,260,697)
Capital Assets, Net	\$138,322,896	\$11,778,226	\$0	\$150,101,122

Debt:

At year-end June 30, 2021, the District had \$190,068,606 outstanding in bonds compared to \$152,983,615 last year. The District also had \$249,110 outstanding in loans compared to \$441,718 last year and \$941,074 in capital leases compared to \$1,387,294 last year. During the fiscal year, the District issued \$35,195,000 in Series 2020 bonds, and \$930,000 in Series 2020 refunding bonds. The new bonds are payable over the next 30 years at 2.50-5.00% interest.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2021 budget, and tax rates. Several of those factors were the economy, the District's population growth, and unemployment. These factors were taken into account when adopting the General Fund budget for 2021. Amounts available for appropriation in the General Fund budget are \$6,688,530. The District has added no major new programs or initiatives to the 2021 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Celina Independent School District, 205 South Colorado, Celina, Texas.

BASIC FINANCIAL STATEMENTS

CELINA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT A-1

Data	Primary Government
Control	Governmental
Codes	Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 48,967,680
1120 Current Investments	7,951,250
1220 Property Taxes - Delinquent	439,285
1230 Allowance for Uncollectible Taxes	(3,352)
1240 Due from Other Governments	3,232,751
Capital Assets:	
1510 Land	14,165,893
1520 Buildings, Net	117,322,416
1530 Furniture and Equipment, Net	2,292,855
1540 Vehicles, Net	736,235
1550 Capital Lease Equipment, Net	1,305,703
1580 Construction in Progress	14,278,020
1000 Total Assets	210,688,736
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	3,044,578
1706 Deferred Outflow Related to TRS OPEB	1,897,792
1700 Total Deferred Outflows of Resources	4,942,370
LIABILITIES	
2110 Accounts Payable	61,666
2140 Interest Payable	2,857,121
2160 Accrued Wages Payable	2,300,157
2180 Due to Other Governments	3,502,022
2200 Accrued Expenses	954,533
2300 Unearned Revenue	94,974
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	3,195,773
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	188,063,018
2540 Net Pension Liability (District's Share)	7,087,738
2545 Net OPEB Liability (District's Share)	7,990,017
2000 Total Liabilities	216,107,019
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	1,268,500
2606 Deferred Inflow Related to TRS OPEB	5,897,519
2600 Total Deferred Inflows of Resources	7,166,019
NET POSITION	
3200 Net Investment in Capital Assets	(7,392,293)
Restricted:	
3820 Restricted for Federal and State Programs	33,630
3850 Restricted for Debt Service	10,294,149
3870 Restricted for Campus Activities	422,354
3900 Unrestricted	(10,999,772)
3000 Total Net Position	\$ (7,641,932)

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

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

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 20,309,219	\$ 167,350	\$ 1,609,309	\$ (18,532,560)
12 Instructional Resources and Media Services	290,490	-	16,262	(274,228)
13 Curriculum and Instructional Staff Development	456,097	-	15,090	(441,007)
21 Instructional Leadership	65,959	-	3,717	(62,242)
23 School Leadership	2,441,424	-	144,310	(2,297,114)
31 Guidance, Counseling, and Evaluation Services	1,087,099	-	60,465	(1,026,634)
33 Health Services	419,403	-	23,197	(396,206)
34 Student (Pupil) Transportation	1,473,989	-	86,021	(1,387,968)
35 Food Services	1,167,025	429,652	408,294	(329,079)
36 Extracurricular Activities	2,471,729	867,749	50,772	(1,553,208)
41 General Administration	1,757,052	-	82,132	(1,674,920)
51 Facilities Maintenance and Operations	4,272,505	36,702	141,137	(4,094,666)
52 Security and Monitoring Services	424,662	-	65,917	(358,745)
53 Data Processing Services	698,293	-	47,613	(650,680)
72 Debt Service - Interest on Long-Term Debt	6,387,607	-	-	(6,387,607)
73 Debt Service - Bond Issuance Cost and Fees	218,565	-	-	(218,565)
93 Payments Related to Shared Services Arrangements	789,644	-	-	(789,644)
99 Other Intergovernmental Charges	173,662	-	-	(173,662)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 44,904,424</u>	<u>\$ 1,501,453</u>	<u>\$ 2,754,236</u>	<u>(40,648,735)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			17,424,322
DT	Property Taxes, Levied for Debt Service			8,860,672
SF	State Aid - Formula Grants			10,783,743
GC	Grants and Contributions not Restricted			394,469
IE	Investment Earnings			301,071
MI	Miscellaneous Local and Intermediate Revenue			<u>3,321,604</u>
TR	Total General Revenues			<u>41,085,881</u>
CN	Change in Net Position			437,146
NB	Net Position - Beginning			<u>(8,079,078)</u>
NE	Net Position - Ending			<u>\$ (7,641,932)</u>

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

CELINA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 2019 Bond Construction
ASSETS			
1110 Cash and Cash Equivalents	\$ 8,533,342	\$ 5,572,197	\$ -
1120 Investments - Current	3,342,513	4,608,737	-
1220 Property Taxes - Delinquent	297,460	141,825	-
1230 Allowance for Uncollectible Taxes	(2,270)	(1,082)	-
1240 Due from Other Governments	3,029,802	915	-
1000 Total Assets	<u>\$ 15,200,847</u>	<u>\$ 10,322,592</u>	<u>\$ -</u>
LIABILITIES			
2110 Accounts Payable	\$ 57,637	\$ -	\$ -
2160 Accrued Wages Payable	2,215,818	-	-
2170 Due to Other Funds	298,966	-	-
2180 Due to Other Governments	3,499,384	2,638	-
2200 Accrued Expenditures	196,212	-	-
2300 Unearned Revenue	60,523	34,451	-
2000 Total Liabilities	<u>6,328,540</u>	<u>37,089</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	234,667	106,292	-
2600 Total Deferred Inflows of Resources	<u>234,667</u>	<u>106,292</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	10,179,211	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	1,000,000	-	-
3525 Retirement of Loans or Notes Payable	249,110	-	-
3600 Unassigned Fund Balance	7,388,530	-	-
3000 Total Fund Balances	<u>8,637,640</u>	<u>10,179,211</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u><u>\$ 15,200,847</u></u>	<u><u>\$ 10,322,592</u></u>	<u><u>\$ -</u></u>

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

60 2020 Bond Construction	Other Governmental Funds	Total Governmental Funds
\$ 34,504,957	\$ 357,029	\$ 48,967,525
-	-	7,951,250
-	-	439,285
-	-	(3,352)
-	202,034	3,232,751
<u>\$ 34,504,957</u>	<u>\$ 559,063</u>	<u>\$ 60,587,459</u>
\$ -	\$ -	\$ 57,637
-	84,339	2,300,157
-	-	298,966
-	-	3,502,022
739,581	18,740	954,533
-	-	94,974
<u>739,581</u>	<u>103,079</u>	<u>7,208,289</u>
-	-	340,959
-	-	340,959
-	33,630	33,630
33,765,376	-	33,765,376
-	-	10,179,211
-	422,354	422,354
-	-	1,000,000
-	-	249,110
-	-	7,388,530
<u>33,765,376</u>	<u>455,984</u>	<u>53,038,211</u>
<u>\$ 34,504,957</u>	<u>\$ 559,063</u>	<u>\$ 60,587,459</u>

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CELINA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 53,038,211
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase (decrease) net position.	295,092
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$172,336,595, and the accumulated depreciation was \$34,013,699. In addition, long-term liabilities, including bonds payable of \$152,983,615, loans payable of \$441,718, and capital leases payable of \$1,387,294, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. Accrued interest payable on long term debt of \$2,518,733 is not reflected in the fund financial statements, but is shown in the government-wide financial statements. The net effect of including the beginning balances for capital assets (net of depreciation), & long-term debt in the governmental activities, is to increase (decrease) net position.	(19,008,464)
3 Current year capital outlays of \$16,025,224 and long-term debt principal payments of \$2,898,378 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Accretion on capital appreciation bonds of \$260,368, amortization of bond premiums of \$608,055, and accrued interest payable of \$338,388, are not reflected in the fund financial statements, but are recorded in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase (decrease) net position.	19,453,637
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes of \$340,959 as revenue, and reclassifying bond proceeds of \$40,212,965. The net effect of these reclassifications and recognitions is to increase(decrease) net position.	(39,872,006)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(4,246,998)
6 The District is required to recognize its proportionate share of the net pension liability required by GASB 68 in the amount of \$7,087,738, a deferred resource inflow in the amount of \$1,268,500, and a deferred resource outflow in the amount of \$3,044,578. The net effect of including the net pension liability, deferred resource inflows, and deferred resource outflows, is to increase (decrease) net position.	(5,311,660)
7 The District is required to recognize its proportionate share of the net OPEB liability required by GASB 75 in the amount of \$7,990,017, a deferred resource inflow in the amount of \$5,897,519, and a deferred resource outflow in the amount of \$1,897,792. The net effect of including the net OPEB liability, deferred resource inflows, and deferred resource outflows, is to increase (decrease) net position.	(11,989,744)
19 Net Position of Governmental Activities	\$ (7,641,932)

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 2019 Bond Construction
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 19,487,694	\$ 8,980,905	\$ 39,088
5800 State Program Revenues	12,189,183	70,582	-
5900 Federal Program Revenues	26,926	-	-
5020 Total Revenues	31,703,803	9,051,487	39,088
EXPENDITURES:			
Current:			
0011 Instruction	16,783,406	-	-
0012 Instructional Resources and Media Services	248,122	-	-
0013 Curriculum and Instructional Staff Development	400,755	-	-
0021 Instructional Leadership	65,959	-	-
0023 School Leadership	2,093,245	-	-
0031 Guidance, Counseling, and Evaluation Services	929,131	-	-
0033 Health Services	370,385	-	-
0034 Student (Pupil) Transportation	1,141,296	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,552,451	-	-
0041 General Administration	1,511,948	-	-
0051 Facilities Maintenance and Operations	3,734,714	-	-
0052 Security and Monitoring Services	331,601	-	-
0053 Data Processing Services	585,546	-	-
Debt Service:			
0071 Principal on Long-Term Debt	638,827	2,259,551	-
0072 Interest on Long-Term Debt	61,001	6,838,241	-
0073 Bond Issuance Cost and Fees	-	218,565	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	2,013	-	9,523,600
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	789,644	-	-
0099 Other Intergovernmental Charges	173,662	-	-
6030 Total Expenditures	31,413,706	9,316,357	9,523,600
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	290,097	(264,870)	(9,484,512)
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	968,400	-
7911 Capital Related Debt Issued	-	1,465,330	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	232,965	-
8911 Transfers Out (Use)	(237,000)	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(968,400)	-
7080 Total Other Financing Sources (Uses)	(237,000)	1,698,295	-
1200 Net Change in Fund Balances	53,097	1,433,425	(9,484,512)
0100 Fund Balance - July 1 (Beginning)	8,584,543	8,745,786	9,484,512
3000 Fund Balance - June 30 (Ending)	\$ 8,637,640	\$ 10,179,211	\$ -

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

60	Other	Total
2020 Bond	Governmental	Governmental
Construction	Funds	Funds
\$ 192,993	\$ 1,118,329	\$ 29,819,009
-	455,433	12,715,198
-	619,623	646,549
192,993	2,193,385	43,180,756
-	595,566	17,378,972
-	-	248,122
-	450	401,205
-	-	65,959
-	-	2,093,245
-	-	929,131
-	-	370,385
-	-	1,141,296
-	1,036,739	1,036,739
-	613,873	2,166,324
-	-	1,511,948
-	10,773	3,745,487
-	44,043	375,644
-	20,578	606,124
-	-	2,898,378
-	-	6,899,242
-	-	218,565
6,427,617	-	15,953,230
-	-	789,644
-	-	173,662
6,427,617	2,322,022	59,003,302
(6,234,624)	(128,637)	(15,822,546)
-	-	968,400
35,195,000	-	36,660,330
-	237,000	237,000
4,805,000	-	5,037,965
-	-	(237,000)
-	-	(968,400)
40,000,000	237,000	41,698,295
33,765,376	108,363	25,875,749
-	347,621	27,162,462
\$ 33,765,376	\$ 455,984	\$ 53,038,211

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 25,875,749
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.	1,033
Current year capital outlays of \$16,025,224 and long-term debt principal payments of \$2,898,378 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Accretion on capital appreciation bonds of \$260,368, amortization of bond premiums of \$608,055, and accrued interest payable of \$338,388, are not reflected in the fund financial statements, but are recorded in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase (decrease) net position.	19,453,637
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue of \$86,383 to show the revenue earned from the current year's tax levy, and reclassifying bond proceeds of \$40,212,965. The net effect of these reclassifications and recognitions is to decrease net position.	(40,126,582)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to increase (decrease) net position.	(4,246,998)
Current year changes due to GASB 68 increased revenues in the amount of \$859,907, but also increased expenses in the amount of \$1,538,745. The impact of these items is to increase (decrease) the change in net position.	(678,838)
Current year changes due to GASB 75 increased revenues in the amount of \$289,206, but also increased expenses in the amount of \$448,351. The impact of these items is to increase (decrease) the change in net position.	159,145
Change in Net Position of Governmental Activities	\$ 437,146

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

CELINA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 155
Due from Other Funds	298,966
	<hr/>
Total Assets	299,121
	<hr/>
LIABILITIES	
Current Liabilities:	
Accounts Payable	4,029
	<hr/>
Total Liabilities	4,029
	<hr/>
NET POSITION	
Unrestricted Net Position	295,092
	<hr/>
Total Net Position	\$ 295,092
	<hr/> <hr/>

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

CELINA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 1,103
Total Operating Revenues	1,103
OPERATING EXPENSES:	
Other Operating Costs	70
Total Operating Expenses	70
Operating Income	1,033
Total Net Position - July 1 (Beginning)	294,059
Total Net Position - June 30 (Ending)	\$ 295,092

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

CELINA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 1,103
Cash Payments for Insurance Claims	(1,019)
Net Cash Provided by Operating Activities	84
Net Increase in Cash and Cash Equivalents	84
Cash and Cash Equivalents at Beginning of Year	71
Cash and Cash Equivalents at End of Year	\$ 155
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 1,033
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(949)
Net Cash Provided by Operating Activities	\$ 84

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Celina Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 76, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

Pensions. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 resource 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.

Celina Independent School District implemented Governmental Accounting Standards Board (GASB) Number 84 *Fiduciary Activities* to improve identification of fiduciary activities for accounting and financial reporting purposes in the current year.

A. Reporting Entity

The Board of Trustees is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, *"The Financial Reporting Entity,"* There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Celina Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Property taxes are always general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those clearly identifiable within a function. Depreciation expense is specifically identified by function and is included in the direct expense to each function.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

Fund Financial Statements - The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenditures from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor or direct overhead. Other expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All assets, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance report the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between government-wide statements and the governmental fund statements. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become measurable and available. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. It recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year and are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, the phrase "available for exchange transactions" means expected to be received within 60 days of the year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On the government-wide financial statements, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

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, that is, when they are both measurable and available. The District considers revenues available if they will be collected within 60 days of the end of the fiscal year. 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The net position is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Expenditures/Expenses – On the accrual basis of accounting (government-wide financial statements), expenses are recognized at the time there are incurred. On the modified accrual basis (fund financial statements), expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

D. Fund Accounting

The District reports the following major governmental funds:

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

Debt Service Fund – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Bond Construction Fund-2019 – The District accounts for the 2019 Bond financial resources used for the acquisition, renovation, and construction of major capital projects in this fund.

Bond Construction Fund-2020 – The District accounts for the 2020 Bond financial resources used for the acquisition, renovation, and construction of major capital projects in this fund.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is the Workers Comp Self Insurance Fund. This fund is aggregated in the government-wide Statement of Net Position and Statement of Changes in Net Position.

E. Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at June 30, 2021 that were subsequently provided for in the next year's budget for the General Fund.

F. Other Accounting Policies

1. **Cash Equivalents** - For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. **Inventories** – Inventories of supplies on the balance sheet are stated at FIFO cost and they include consumable maintenance, instructional, and office items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and initially recorded as an expense. Inventory and expenditures are adjusted periodically subsequent to inventory counts.
3. **Receivables and Payables** – All trade and property tax receivables are shown at face value. The property tax receivable allowance is shown at various rates based upon historical trends of outstanding property taxes receivable as of June 30, 2021.
4. **Long-term Debt** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Amounts recorded as long-term debt represent obligations that will be met by future revenue resources that are not available as of the current balance sheet date.
5. **Vacation and Sick Leave** – Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, no liability exists for unused sick leave.
6. **Capital Assets** - Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Buildings	15-50 years
Building Improvements	15-50 years
Vehicles & Buses	5-10 years
Equipment	5-7 years

The District has no restriction on any capital assets.

7. **Due From/Due To Other Funds** – Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. See Note III-E for detailed discussion of interfund receivables and payables.

8. Net Position/Fund Balance:

Net position on the government-wide *Statement of Net Position* includes the following:

Net Investment in Capital Assets reports the difference between capital assets, net of accumulated depreciation, and the outstanding balance of debt, excluding unspent bond proceeds that are directly attributable to the acquisition, construction or improvement of those capital assets.

Restricted for Federal and State Grant Programs is the component of net position restricted to be spent for specific purposes prescribed by federal and state granting agencies.

Restricted for Debt Service is the component of net position that is restricted for payment of debt service by constraints established by bond covenants.

Restricted for Campus Activities is the component of net position that is restricted for campus activities.

Restricted for Scholarships is the component of net position that is restricted for scholarships.

Unrestricted Net Position is the residual difference between assets, deferred outflows, liabilities, and deferred inflows that is not invested in capital assets or restricted for specific purpose.

Net position represents the difference between assets plus deferred outflow of resources, and liabilities and deferred inflow of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislature adopted by the district or through external restrictions imposed by creditor, grantors, or laws or regulations of other governments. All other net positions are reported as unrestricted.

Fund balances on the governmental funds' *Balance Sheet* include the following:

Non-spendable fund balance is the portion of the gross fund balance that is not expendable because it is either not in spendable form or is legally or contractually required to be maintained intact.

Restricted fund balance includes amounts restricted for a specific purpose by the provider (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects bond funds are restricted by the bondholders for the specific purpose of capital projects and capital outlays. Federal & State grant resources are restricted pursuant to the mandates of the granting agency.

Committed fund balance is that portion of fund balance that is committed to a specific purpose by the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by Board action. These amounts cannot be used for any other purpose unless the Board removes or changes the constraint by exercising the same type of action originally used to commit the funds.

Unassigned fund balance is the difference between the total fund balance and the total of the non-spendable, restrict, and committed fund balances and can be utilized for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

9. Control Totals - The Data Control Codes refer to the account code structure prescribed by Texas Education Agency in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a Statewide data base for policy development and funding plans.

10. Total Columns on Combined Financial Statements – These total columns do not purport to present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

11. District's Policy as to Defining Operating & Non-operating Revenues of Proprietary Funds – Operating revenues are generally defined as those which originate through the ongoing activities of the fund. In contrast, non-operating revenues include, but are not limited to; capital expenditures, transfers, investing and financing activities.

12. Application of Restricted or Unrestricted Resources - When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, or unassigned fund balances are available, the District considers amounts to have been spent first from committed funds, then unassigned funds, as need, unless the Board of Trustees has provided otherwise in its commitment actions.

13. Grant Fund Accounting – The Special Revenue Fund includes programs that are financed on a project grant basis. These projects have grant periods that can range from less than twelve months to in excess of three years. Grants are recorded as revenues when earned, which the District considers to be earned to the extent expenditures have been incurred, the District has met all eligibility requirements, and funds are available.

14. Estimates and Assumptions – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

15. Deferred Outflows of Resources - In addition to assets, the statement of financial position 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 that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Certain deferred charges related to TRS pension and other post-employment benefits are reported as deferred outflows of resources on the government-wide statement of net position.

16. Deferred Inflows of Resources - In addition to liabilities, the statement 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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. Certain deferred charges related to TRS pension and other post-employment benefits are reported as deferred inflows on the government-wide statement of net position.

II. STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in RSI and the other two reports are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to June 20, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level 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. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget 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. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

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

Appropriated Budget Funds - Food Service	\$33,630
Nonappropriated Budget Funds-Campus Activity	422,354
All Special Revenue Funds	<u>\$455,984</u>

III. DETAILED NOTES ON ALL FUNDS & ACCOUNT GROUPS

Note A. DEPOSITORY CONTRACT LAW

The funds of the District must be deposited under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$48,967,680 and \$7,951,680 in Texpool investment accounts. At June 30, 2021 and during the year then ended, the District's combined deposits **were fully insured** by FDIC insurance or collateralized with securities held by the District's agent bank in the District's name, or by letters of credit.

Depository information required to be reported to the Texas Education Agency is as follows:

- a. Depository: Independent Bank, McKinney, Texas
- b. The highest combined balance of cash, savings, and time deposits accounts amounted to \$68,280,085, and occurred during the month of January 2021.
- c. The market value of securities pledged as of the date of the highest combined balance on deposit was \$76,908,229.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

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

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

The District has the following recurring fair value measurements as of June 30, 2021:

Cash & Cash Equivalents of \$48,967,680 are valued using quoted market prices (Level 1 inputs).

Investments in Texpool accounts of \$7,951,680 are valued using quoted market prices (Level 1 inputs).

The District has no investments measured at the Net Asset Value (NAV) per Share or its equivalent.

The **Public Funds Investment Act** (PFIA) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy, which must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements, and certain other investments. The investments owned at fiscal year-end are held by the District or its agent in the District's name.

In compliance with the PFIA, the District has adopted a deposit and investment policy, which address the following risks:

Credit Risk is the risk that a security issuer may default on an interest or principal payment. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by nationally recognized agencies such as Standards and Poor's (S&P) or Moody's Investor Service.

Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The District's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC coverage protected by approved pledged securities held on behalf of the District.

Concentration of Credit Risk is the risk associated with holding investments that are not pools and full faith credit securities. These risks are controlled by limiting the percentages of these investments in the District's portfolio.

Interest Rate Risk is the risk that interest rates will rise and an investment in a fixed-income security will decrease in value. Interest rate risk is reduced by diversifying, investing in securities with different durations, and laddering maturity dates. The District manages its exposure to interest rate risk by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.

Foreign Currency Risk is the potential for loss due to fluctuations in exchange rates. The District's policy does not allow for any direct foreign investments, and therefore the District is not exposed to foreign currency risk.

Note 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 located in the District 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The assessed value of the roll as of the end of the fiscal year was \$1,772,181,351. The tax rates levied for the fiscal year ended June 30, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9832 and \$0.5000 per \$100 valuation, respectively, for a total of \$1.4832 per \$100 valuation. Current year tax collections for the period ended June 30, 2021, were 100.67% of the levy and 101.82% in the prior year.

Note C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

Note D. 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 Available School Fund.

Receivables due from other governments as of June 30, 2021 are as follows:

<u>Fund</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Other Governments</u>	<u>Totals</u>
General Fund	\$3,028,000	\$0	\$1,802	\$3,029,802
Debt Service Funds	0	0	915	915
Special Revenue Funds	16,903	185,131	0	202,034
Totals	<u>\$3,044,903</u>	<u>\$185,131</u>	<u>\$2,717</u>	<u>\$3,232,751</u>

Note E. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2021, consisted of the following individual receivables & payables:

Due to Internal Service Fund from:

General Fund	\$298,966
Total Due to Internal Service Fund from Other Funds	<u>\$298,966</u>

Interfund transfers for the year ended June 30, 2021, consisted of the following individual amounts:

Transfers to Nonmajor Governmental Funds from:

General Fund	\$237,000
Total Transferred to Nonmajor Governmental Funds from Other Funds	<u>\$237,000</u>

Note F. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$14,165,893	\$0	\$0	\$14,165,893
Buildings & Improvements	129,350,764	19,485,970	0	148,836,734
Equipment	5,321,744	313,998	0	5,635,742
Vehicles	3,627,381	0	0	3,627,381
Capital Lease Equipment	1,818,049	0	0	1,818,049
Construction in Progress	18,052,764	(3,774,744)	0	14,278,020
Totals at Historical Cost	<u>172,336,595</u>	<u>16,025,224</u>	<u>0</u>	<u>188,361,819</u>
Less accumulated depreciation for:				
Buildings & Improvements	(28,204,808)	(3,309,510)	0	(31,514,318)
Equipment	(2,840,686)	(502,201)	0	(3,342,887)
Vehicles	(2,715,580)	(175,566)	0	(2,891,146)
Capital Lease Equipment	(252,625)	(259,721)	0	(512,346)
Total accumulated depreciation	<u>(34,013,699)</u>	<u>(4,246,998)</u>	<u>0</u>	<u>(38,260,697)</u>
Capital Assets, Net	<u>\$138,322,896</u>	<u>\$11,778,226</u>	<u>\$0</u>	<u>\$150,101,122</u>

Depreciation expense for the current year was charged to governmental functions as follows:

11 Instruction	\$2,318,046
12 Instructional Resources & Media Services	38,117
13 Curriculum & Instructional Staff Development	38,117
23 School Leadership	266,820
31 Guidance, Counseling, & Evaluation Services	114,351
33 Health Services	38,117
34 Student (Pupil) Transportation	289,917
35 Food Services	114,351
36 Cocurricular/Extracurricular Activities	266,820
41 General Administration	190,586
51 Plant Maintenance & Operations	457,405
52 Security & Monitoring Services	38,117
53 Data Processing Services	<u>76,234</u>
Total Depreciation Expense	<u>\$4,246,998</u>

Note G. LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$139,934,551	\$36,125,000	(\$3,209,551)	\$172,850,000	\$2,535,000
Accumulated Accretion on CABs	347,937	21,791	(282,159)	87,569	
Unamortized Bond Premiums	12,701,127	5,037,965	(608,055)	17,131,037	
Total Bonds Payable, Government-Wide	152,983,615	41,184,756	(4,099,765)	190,068,606	
Loans Payable	441,718	0	(192,607)	249,111	\$198,533
Capital Leases Payable	1,387,294	0	(446,220)	941,074	462,240
Total Governmental Activities	\$154,812,627	\$41,184,756	(\$4,738,592)	\$191,258,791	\$3,195,773

Bonds

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2021.

On August 11, 2020, the District issued Series 2020 refunding bonds totaling \$930,000, and a District contribution of \$18,000 to early redeem Series 2010 bonds totaling \$950,000. The aggregate difference in debt service between refunding debt and the refunding debt is a savings of \$80,992, which is a net present value economic gain of \$77,278.

A portion of the bonds were capital appreciation bonds, commonly referred to as "premium compound interest bonds". These bonds were issued at a discount to their par or maturity value and will accrete interest until maturity. The accreted value equals the par value plus accreted interest plus the unamortized bond premium.

Summary information for the capital appreciation bonds is as follows:

	<u>Capital Appreciation Bonds</u>	
<u>Series</u>	<u>Stated Value</u>	<u>Accreted Value, 6/30/21</u>
2013	\$90,000	\$435,860

A summary of changes in bonds for the year ended June 30, 2021 is as follows:

<u>Description</u>	<u>Interest Rates Payable</u>	<u>Amounts of Original Issue</u>	<u>Interest Current Year</u>	<u>Beginning Amounts Outstanding 7/01/20</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Amounts Outstanding 6/30/21</u>
Capital Appreciation Bonds - Series 2006	3.80-4.80%	2,581,051	205,449	219,551		0 (219,551)	0
Unltd Tax Refunding Bonds - Series 2010	2.00-4.00%	1,850,000	20,200	1,070,000		0 (1,070,000)	0
Unltd Tax Refunding Bonds - Series 2013	2.00-4.00%	8,460,000	255,919	8,305,000		0 0	8,305,000
Capital Appreciation Bonds - Series 2013	1.43-190%	290,000	335,000	195,000		0 (105,000)	90,000
Unltd Tax Refunding Bonds - Series 2014	3.00-5.00%	9,105,000	260,500	7,775,000		0 (120,000)	7,655,000
Unltd Tax Refunding Bonds - Series 2015	3.00-4.00%	9,265,000	359,475	9,215,000		0 (10,000)	9,205,000
Refunding/Building Bonds - Series 2016	3.00-5.00%	33,540,000	1,259,281	32,885,000		0 (920,000)	31,965,000
Refunding/Building Bonds - Series 2016A	2.50-5.00%	22,465,000	775,725	21,750,000		0 (560,000)	21,190,000
Unltd Tax Building Bonds - Series 2018	2.50-5.00%	22,760,000	1,085,200	22,760,000		0 (205,000)	22,555,000
Unltd Tax Building Bonds - Series 2019	4.00-5.00%	35,760,000	1,480,150	35,760,000		0 0	35,760,000
Unltd Tax Building Bonds - Series 2020	4.00-5.00%	35,195,000	807,858	0	35,195,000	0	35,195,000
Unltd Tax Refunding Bonds - Series 2020	2.50%	930,000	11,883	0	930,000	0	930,000
Total General Obligation Bonds			\$6,856,640	\$139,934,551	\$36,125,000	(\$3,209,551)	\$172,850,000
Accumulated Accretion on CABs				347,937	21,791	(282,159)	87,569
Unamortized Bond Premiums				12,701,127	5,037,965	(608,055)	17,131,037
Total Bonds Payable, Government-Wide Financials				\$152,983,615	\$41,184,756	(\$4,099,765)	\$190,068,606

Debt service requirements for bonds are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$2,535,000	\$7,132,819	\$9,667,819
2023	3,395,000	6,647,569	10,042,569
2024	3,685,000	6,489,738	10,174,738
2025	3,920,000	6,323,506	10,243,506
2026	4,205,000	6,150,425	10,355,425
2027-2031	23,845,000	27,885,050	51,730,050
2032-2036	29,010,000	22,687,503	51,697,503
2037-2041	33,065,000	17,189,009	50,254,009
2042-2046	34,535,000	10,775,563	45,310,563
2047-Maturity	34,655,000	3,256,925	37,911,925
Total Bonds	<u>\$172,850,000</u>	<u>\$114,538,107</u>	<u>\$287,388,107</u>

Loans

A summary of changes in loans for the year ended June 30, 2021 is as follows:

<u>Date of</u> <u>Issue/Maturity</u>	<u>Purpose/Lawful</u> <u>Authority</u>	<u>Fund Payable</u> <u>From/Interest</u> <u>Rate</u>	<u>Current Year</u>		<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Retired</u>	<u>Ending</u> <u>Balance</u>
			<u>Interest</u>	<u>Beginning</u> <u>Balance</u>			
09/12-09/22	Maintenance Tax/ TEC 45.108	General/3.00%	\$9,653	\$378,845	\$0	(\$165,192)	\$213,653
10/12-10/22	School Bus Loan/ TEC 34.005	General/3.00%	1,602	62,873	0	(27,415)	35,458
Totals			<u>\$11,255</u>	<u>\$441,718</u>	<u>\$0</u>	<u>(\$192,607)</u>	<u>\$249,111</u>

Debt service requirements for loans are as follows:

<u>Year Ending June 30,</u>	<u>Loans</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$198,533	\$5,329	\$203,862
2023	50,578	387	50,965
2024	0	0	0
2025	0	0	0
2026	0	0	0
2027-Maturity	0	0	0
Totals	<u>\$249,111</u>	<u>\$5,716</u>	<u>\$254,827</u>

Capital Leases

On July 11, 2019, the District entered into a capital lease for Apple Computers. The asset was capitalized for \$1,818,049. The minimum annual payment is \$496,026. The effective rate of interest was 3.59%. This capital lease is scheduled to be liquidated during the fiscal year ending June 30, 2023.

Debt service requirements for capital leases are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$462,240	\$33,786	\$496,026
2023	478,834	17,192	496,026
2024	0	0	0
2025	0	0	0
2026	0	0	0
2027-Maturity	0	0	0
Totals	<u>\$941,074</u>	<u>\$50,978</u>	<u>\$992,052</u>

Note H. DUE TO OTHER GOVERNMENTS

As of June 30, 2021, the District owed \$3,029,802 to Texas Education Agency for 2020-2021 state foundation revenue settle-up and \$2,638 for 2020-2021 EDA state revenue settle-up. The Texas Education Agency will deduct these amounts from the District's 2021-2022 state revenues.

Note I. UNEARNED REVENUE & UNAVAILABLE REVENUE

Unearned revenue is that portion of the net revenue receivable which is expected to be collected within the first 60 days following the fiscal year end. Unavailable revenue is that portion of the net revenue receivable which is not expected to be collected within the first 60 days following the fiscal year end.

Unearned revenue and Unavailable revenue at June 30, 2021 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Unearned Revenue:				
Property Tax Revenue	\$60,523	\$0	\$34,451	\$94,974
Total Unearned Revenue	<u>\$60,523</u>	<u>\$0</u>	<u>\$34,451</u>	<u>\$94,974</u>
Unavailable Revenue:				
Property Tax Revenue	\$234,667	\$0	\$106,292	\$340,959
Total Unavailable Revenue	<u>\$234,667</u>	<u>\$0</u>	<u>\$106,292</u>	<u>\$340,959</u>

Note J. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Totals</u>
Property Taxes	\$17,550,087	\$0	\$8,912,196	\$0	\$26,462,283
Penalties, Interest, & Other Tax Related Income	136,193	0	45,589	0	181,782
Investment Income	49,137	2,489	23,120	226,325	301,071
Gifts & Bequests	1,108,325	0	0	0	1,108,325
Net Insurance Recovery	264,093	0	0	0	264,093
Food Service Sales	0	429,652	0	0	429,652
Athletics	135,122	0	0	0	135,122
Co-curricular	0	686,188	0	0	686,188
Other	244,737	0	0	5,756	250,493
Totals	<u>\$19,487,694</u>	<u>\$1,118,329</u>	<u>\$8,980,905</u>	<u>\$232,081</u>	<u>\$29,819,009</u>

Note K. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the current fiscal year, the District purchased commercial insurance to cover general liabilities. There are 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.

Health Care Coverage

The District offers all employees health care coverage under the TRS Active Care insurance plan, which is a statewide health coverage program for public education employees established by the 77th Texas Legislature. The District contributed \$400 per month per enrolled employee to the Plan, and employees, at their option, authorized payroll withholdings to pay the additional cost of premiums for themselves and dependents.

CAS Workers Compensation Coverage

The District was self-funded for workers compensation insurance and has an interlocal agreement with Claims Administration Services, Inc. (CAS) to serve as the District's third-party administrator. Transactions related to the plan are accounted for in the Workers Compensation Self Insurance Fund, an internal service fund of the District. The District makes all contributions to the fund. Claims Administrative Services, Inc. obtained excess loss insurance, which limited annual claims paid from the entire fund for the year ended June 30, 2021, to \$350,000 for any individual participant. At June 30, 2021, the District's unpaid claims totaled \$4,029, which includes incurred but not reported claims. The liability is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance 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. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2021</u>
Unpaid claims, beginning of fiscal year	\$8,296	\$4,978
Incurred claims (including IBNR's)	42	70
Claim payments	(3,360)	(1,019)
Unpaid claims, end of fiscal year	<u>\$4,978</u>	<u>\$4,029</u>

TASB Workers Compensation Coverage

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

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

TASB Auto, Liability, & Property Programs

During the year ended June 30, 2021, Celina ISD participated in the following Risk Management Fund Programs:

Auto Liability, Auto Physical Damage, Privacy & Information Security, Property, and School Liability

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability, and Property programs. The terms and limits of stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2021, the Fund anticipates that Celina ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Litigation and Contingencies

The District may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcome of any lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly no provision for losses has been recorded.

State and Federal Programs

The District participates in numerous state and federal 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 adjustments 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 collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities related to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note L. DEFINED BENEFIT PENSION PLAN

Plan Description. Celina Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) 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.

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2020 Comprehensive Annual Financial Report by TRS provides the following information regarding components of the Net Pension Liability of the Pension plan as of August 31, 2020:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	<u>165,416,245,243</u>
Net Pension Liability	<u>\$ 53,557,959,841</u>
Net position as a percentage of total pension liability	75.54%

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 benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Contributions. Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if it increases the period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceed 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 in the 86th Legislature set contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%. Contribution Rates can be found in the TRS 2020 CAFR, Note 11, on page 82.

Contribution Rates

	<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 FY Employer Contributions	\$ 607,262
District's 2021 FY Member Contributions	\$ 1,576,580
Measurement Year NECE On-Behalf Contributions	\$ 1,145,398

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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 Plan during the fiscal year reduced by the employer contributions. Employers (including public schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding sources or a privately sponsored source.

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

- Employers must contribute 1.5% of the member's salary ("Public Education Employer Surcharge").
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions.

Roll Forward - The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates 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 projection scale U-MP.

The following table discloses the assumptions that were applied to this measurement period.

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 Rate	7.25%
Municipal Bond Rate as of August, 2020	2.33% - Source for the rate is the Fixed Income Market
Data/Yield Curve/Data Municipal Bonds municipal bonds as reported	with 20 years to maturity that include only federally tax-exempt in Fidelity index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.66% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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 presented in the Asset Allocations the following table from the TRS Comprehensive Annual Financial Report for 2020, page 53.

Table 3.A.1: Asset Allocations			
Asset Class	Target Allocation ¹ %	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	18.0 %	3.9 %	0.99 %
Non-U.S. Developed	13.0	5.1	0.92
Emerging Markets	9.0	5.6	0.83
Private Equity	14.0	6.7	1.41
Stable Value			
Government Bonds	16.0 %	(0.7)%	(0.05)%
Absolute Return (Including Credit Sensitive Investments)	—	1.8	—
Stable Value Hedge Funds	5.0	1.9	0.11
Real Return			
Real Estate	15.0 %	4.6 %	1.02 %
Energy, Natural Resources, and Infrastructure	6.0	6.0	0.42
Commodities	—	0.8	—
Risk Parity			
Risk Parity	8.0 %	3.0 %	0.30 %
Asset Allocation Leverage			
Cash	2.0 %	(1.5)%	(0.03)%
Asset Allocation Leverage	(6.0)	(1.3)	0.08
Inflation Expectation			2.00 %
Volatility Drag ³			(0.67)%
Expected Return	100.0 %		7.33 %
¹ Target allocations are based on the FY2020 policy model.			
² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).			
³ The volatility drag results from the conversion between arithmetic and geometric mean returns.			

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability. The discount rate can be found in the 2020 TRS CAFR, Note 11, page 84.

	1% Decrease in Discount Rate (6.25%)	Current Single Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 10,929,165	\$ 7,087,738	\$ 3,966,662

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, Celina Independent School District reported a liability of \$7,087,738 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Celina Independent School District. The amount recognized by Celina Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Celina Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 7,087,738
State's proportionate share that is associated with the District	<u>14,867,876</u>
Total	<u>\$ 21,955,614</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.000132337708% compared to 0.000138592656% at August 31, 2019.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation – There were no changes in assumptions since the prior measurement date.

Changes in Benefits - In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

For the year ended June 30, 2021, Celina Independent School District recognized pension expense of \$1,788,275 and revenue of \$1,788,275 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2021, Celina Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 12,942	\$ 197,800
Changes in actuarial assumptions	1,644,607	699,276
Net Difference between projected and actual investment earnings	143,486	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	723,441	371,424
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	520,102	
Total	\$ 3,044,578	\$ 1,268,500

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

Year ended June 30:	Pension Expense Amount
2022	\$ 448,677
2023	481,281
2024	380,466
2025	83,923
2026	(123,883)
Thereafter	(14,489)

Note M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020 are as follows:

Net OPEB Liability	Total
Total OPEB Liability	\$ 40,010,833,815
Less: plan fiduciary net position	(1,996,317,932)
Net OPEB liability	<u>\$ 38,014,515,883</u>
Net position as a percentage of total OPEB liability	4.99%

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$277,490,586 as of August 31, 2020.

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
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

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of salary. Section 1575.204 establishes a public-school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's 2021 FY Employer Contributions		\$ 166,130
District's 2021 FY Member Contributions		\$ 133,088
Measurement Year NECE On-Behalf Contributions		\$ 214,668

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

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

Actuarial Assumptions. The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation

Rates of Termination
Rates of Disability

Salary Increases

The active mortality rates were based on 90% 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%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates participation after age 65. 25% pre-65	Normal Retirement: 65% participation prior to age 65 and 40% retirees are assumed to discontinue coverage at age 65.
Expenses health care benefits are included in the	Third-party administrative expenses related to the delivery of age-adjusted claims costs.
Projected Salary Increases	3.05% - 9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30% in the discount rate since the previous year. The Discount Rate can be found in the 2020 TRS CAFR on page 76. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the Net OPEB Liability:	\$ 9,588,001	\$ 7,990,017	\$ 6,727,837

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 6,526,820	\$ 7,990,017	\$ 9,938,788

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2021, Celina Independent School District reported a liability of \$1,602,314 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 Celina Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 7,990,017
State's proportionate share that is associated with the District	<u>10,736,667</u>
Total	<u>\$ 18,726,684</u>

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

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.000210183309% compared to the 0.000204909466% as of August 31, 2019.

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

The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB liability (TOL).

The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.

The ultimate health care trend assumption was lowered from 4.50% to 4.25% 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 in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2021, Celina Independent School District recognized OPEB expense of \$(74,551) and revenue of \$(74,551) for support provided by the State.

At June 30, 2021, Celina Independent School 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 actuarial experience	\$418,354	\$3,656,640
Changes in actuarial assumptions	492,818	2,194,100
Net Difference between projected and actual investment earnings	2,596	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	841,964	46,779
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	142,060	
Total	\$1,897,792	\$5,897,519

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

Year ended June 30:	OPEB Expense Amount
2022	\$ (702,432)
2023	(702,779)
2024	(702,977)
2025	(702,924)
2026	(489,510)
Thereafter	(841,165)

Note N. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare 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. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire payroll reported by all reporting entities. State Contributions for Medicare Part D made on behalf of Celina Independent School District's employees were \$94,613, \$80,569, and \$63,435, respectively for fiscal years ended June 30, 2021, 2020, and 2019.

Note O. JOINT VENTURES – SHARED SERVICE ARRANGEMENTS

The District participates in shared services arrangements for Special Education Services, with other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Celina Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

Note P. SUBSEQUENT EVENTS

In reviewing its financial statements, management has evaluated events subsequent to the balance sheet date through November 7, 2021, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTAL INFORMATION

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CELINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 19,685,264	\$ 19,696,089	\$ 19,487,694	\$ (208,395)
5800 State Program Revenues	11,522,998	11,522,998	12,189,183	666,185
5900 Federal Program Revenues	128,800	128,800	26,926	(101,874)
5020 Total Revenues	31,337,062	31,347,887	31,703,803	355,916
EXPENDITURES:				
Current:				
0011 Instruction	17,663,976	17,266,381	16,783,406	482,975
0012 Instructional Resources and Media Services	302,794	265,794	248,122	17,672
0013 Curriculum and Instructional Staff Development	427,075	427,075	400,755	26,320
0021 Instructional Leadership	65,650	66,650	65,959	691
0023 School Leadership	2,117,803	2,117,803	2,093,245	24,558
0031 Guidance, Counseling, and Evaluation Services	812,273	942,473	929,131	13,342
0033 Health Services	293,296	373,396	370,385	3,011
0034 Student (Pupil) Transportation	1,406,167	1,189,781	1,141,296	48,485
0036 Extracurricular Activities	1,238,460	1,575,929	1,552,451	23,478
0041 General Administration	1,484,766	1,519,766	1,511,948	7,818
0051 Facilities Maintenance and Operations	3,270,158	3,782,127	3,734,714	47,413
0052 Security and Monitoring Services	401,529	391,529	331,601	59,928
0053 Data Processing Services	605,667	605,667	585,546	20,121
Debt Service:				
0071 Principal on Long-Term Debt	638,828	638,828	638,827	1
0072 Interest on Long-Term Debt	61,062	61,062	61,001	61
Capital Outlay:				
0081 Facilities Acquisition and Construction	45,770	5,770	2,013	3,757
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	858,000	791,000	789,644	1,356
0095 Payments to Juvenile Justice Alternative Ed. Prg.	16,000	16,000	-	16,000
0099 Other Intergovernmental Charges	150,000	174,000	173,662	338
6030 Total Expenditures	31,859,274	32,211,031	31,413,706	797,325
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(522,212)	(863,144)	290,097	1,153,241
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	(237,000)	(237,000)	-
1200 Net Change in Fund Balances	(522,212)	(1,100,144)	53,097	1,153,241
0100 Fund Balance - July 1 (Beginning)	8,584,543	8,584,543	8,584,543	-
3000 Fund Balance - June 30 (Ending)	\$ 8,062,331	\$ 7,484,399	\$ 8,637,640	\$ 1,153,241

CELINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.000132338%	0.000138593%	0.000144073%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 7,087,738	\$ 7,204,480	\$ 7,930,152
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	14,867,876	12,929,135	13,915,571
Total	<u>\$ 21,955,614</u>	<u>\$ 20,133,615</u>	<u>\$ 21,845,723</u>
District's Covered Payroll	\$ 18,460,077	\$ 16,669,685	\$ 16,201,841
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	38.40%	43.22%	48.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.00013082%		0.000121599%		0.000108517%		0.000060109%	
\$	4,182,903	\$	4,595,036	\$	3,835,932	\$	1,605,594
7,845,838		8,911,136		8,228,597		6,716,153	
\$	12,028,741	\$	13,506,172	\$	12,064,529	\$	8,321,747
\$	14,632,893	\$	13,431,041	\$	12,115,891	\$	11,247,016
25.82%		34.21%		31.66%		14.28%	
82.17%		78.00%		78.43%		83.25%	

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

	2021	2020	2019
Contractually Required Contribution	\$ 607,262	\$ 535,418	\$ 464,062
Contribution in Relation to the Contractually Required Contribution	607,262	535,418	464,062
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 20,475,071	\$ 18,460,077	\$ 16,669,685
Contributions as a Percentage of Covered Payroll	2.97%	2.90%	2.78%

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

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

2018	2017	2016	2015	
\$ 477,843	\$ 503,193	\$ 451,034	\$ 360,703	
477,843	503,193	451,034	360,703	
\$ -	\$ -	\$ -	\$ -	
\$ 16,201,841	\$ 14,632,893	\$ 13,431,041	\$ 12,115,891	
2.95%	3.44%	3.36%	2.98%	

CELINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.000210183%	0.000204909%	0.000205873%	\$ 0.000192585%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 7,990,017	\$ 9,690,421	\$ 10,279,431	\$ 8,374,786
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,736,667	12,876,400	14,708,474	\$ 12,245,914
Total	<u>\$ 18,726,684</u>	<u>\$ 22,566,821</u>	<u>\$ 24,987,905</u>	<u>\$ 20,620,700</u>
District's Covered Payroll	\$ 18,460,077	\$ 16,669,685	\$ 16,201,841	\$ 14,632,893
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	43.28%	58.13%	63.45%	\$ 57.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

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

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

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

	2021	2020	2019	2018
Contractually Required Contribution	\$ 166,130	\$ 158,449	\$ 163,602	\$ 135,605
Contribution in Relation to the Contractually Required Contribution	166,130	158,449	163,602	135,605
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 20,475,071	\$ 18,460,077	\$ 16,669,685	\$ 16,201,841
Contributions as a Percentage of Covered Payroll	0.81%	0.86%	0.98%	0.84%

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

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

CELINA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms:

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the Legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Changes of Assumptions:

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits:

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

Changes in Assumptions:

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

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

COMBINING STATEMENTS

CELINA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes		211	240	255	263
		ESSA I, A Improving Basic Program	National Breakfast and Lunch Program	ESSA II, A Training and Recruiting	Title III, A English Lang. Acquisition
ASSETS					
1110	Cash and Cash Equivalents	\$ (86,975)	\$ 78,394	\$ (30,581)	\$ (6,788)
1240	Due from Other Governments	108,410	36,880	30,581	6,788
1000	Total Assets	<u>\$ 21,435</u>	<u>\$ 115,274</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
2160	Accrued Wages Payable	\$ 17,881	\$ 66,458	\$ -	\$ -
2200	Accrued Expenditures	3,554	15,186	-	-
2000	Total Liabilities	<u>21,435</u>	<u>81,644</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	33,630	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>33,630</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 21,435</u>	<u>\$ 115,274</u>	<u>\$ -</u>	<u>\$ -</u>

266 ESSER-School Emergency Relief	277 Coronavirus Relief Fund CARES	288 ESSA Title IV Part A	397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 School Safety & Security Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ (2,472)	\$ -	\$ (16,903)	\$ -	\$ 422,354	\$ 357,029
-	-	2,472	-	16,903	-	-	202,034
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,354</u>	<u>\$ 559,063</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,339
-	-	-	-	-	-	-	18,740
-	-	-	-	-	-	-	103,079
-	-	-	-	-	-	-	33,630
-	-	-	-	-	-	422,354	422,354
-	-	-	-	-	-	422,354	455,984
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,354</u>	<u>\$ 559,063</u>

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

Data Control Codes	211 ESSA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESSA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 429,652	\$ -	\$ -
5800 State Program Revenues	-	39,319	-	-
5900 Federal Program Revenues	149,607	364,327	45,543	16,030
5020 Total Revenues	149,607	833,298	45,543	16,030
EXPENDITURES:				
Current:				
0011 Instruction	149,607	-	45,543	16,030
0013 Curriculum and Instructional Staff Development	-	-	-	-
0035 Food Services	-	1,036,739	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
6030 Total Expenditures	149,607	1,036,739	45,543	16,030
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(203,441)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	237,000	-	-
1200 Net Change in Fund Balance	-	33,559	-	-
0100 Fund Balance - July 1 (Beginning)	-	71	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 33,630	\$ -	\$ -

266 ESSER-School Emergency Relief	277 Coronavirus Relief Fund CARES	288 ESSA Title IV Part A	397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 School Safety & Security Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	688,677	\$ 1,118,329
-	-	-	450	371,621	44,043	-	455,433
10,773	20,578	12,765	-	-	-	-	619,623
10,773	20,578	12,765	450	371,621	44,043	688,677	2,193,385
-	-	12,765	-	371,621	-	-	595,566
-	-	-	450	-	-	-	450
-	-	-	-	-	-	-	1,036,739
-	-	-	-	-	-	613,873	613,873
10,773	-	-	-	-	-	-	10,773
-	-	-	-	-	44,043	-	44,043
-	20,578	-	-	-	-	-	20,578
10,773	20,578	12,765	450	371,621	44,043	613,873	2,322,022
-	-	-	-	-	-	74,804	(128,637)
-	-	-	-	-	-	-	237,000
-	-	-	-	-	-	74,804	108,363
-	-	-	-	-	-	347,550	347,621
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	422,354	\$ 455,984

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

CELINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	\$ 1.140000	\$ 0.500000	\$ 639,590,629
2013	1.140000	0.500000	655,224,357
2014	1.140000	0.500000	691,409,202
2015	1.140000	0.500000	755,183,730
2016	1.140000	0.500000	842,404,856
2017	1.140000	0.500000	983,381,713
2018	1.140000	0.500000	1,147,298,532
2019	1.140000	0.500000	1,366,566,491
2020	1.048900	0.500000	1,561,013,634
2021 (School year under audit)	0.983200	0.500000	1,772,181,351
1000 TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 36,126	\$ -	\$ 780	\$ 343	\$ (4,919)	\$ 30,084
3,173	-	143	63	-	2,967
-	-	188	82	270	-
171	-	232	102	163	-
4,597	-	629	276	-	3,692
11,163	-	32,791	14,382	54,391	18,381
20,791	-	33,238	14,578	54,113	27,088
58,321	-	51,121	22,421	91,905	76,684
269,611	-	139,874	66,677	16,698	79,758
-	26,284,994	17,291,091	8,793,272	-	200,631
<u>\$ 403,953</u>	<u>\$ 26,284,994</u>	<u>\$ 17,550,087</u>	<u>\$ 8,912,196</u>	<u>\$ 212,621</u>	<u>\$ 439,285</u>

CELINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 645,524	\$ 645,524	\$ 429,652	\$ (215,872)
5800 State Program Revenues	37,104	37,104	39,319	2,215
5900 Federal Program Revenues	390,919	390,919	364,327	(26,592)
5020 Total Revenues	1,073,547	1,073,547	833,298	(240,249)
EXPENDITURES:				
Current:				
0035 Food Services	1,073,547	1,073,547	1,036,739	36,808
6030 Total Expenditures	1,073,547	1,073,547	1,036,739	36,808
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(203,441)	(203,441)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	237,000	237,000	-
1200 Net Change in Fund Balances	-	237,000	33,559	(203,441)
0100 Fund Balance - July 1 (Beginning)	71	71	71	-
3000 Fund Balance - June 30 (Ending)	\$ 71	\$ 237,071	\$ 33,630	\$ (203,441)

CELINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 9,358,283	\$ 9,040,525	\$ 8,980,905	\$ (59,620)
5800 State Program Revenues	-	67,758	70,582	2,824
5020 Total Revenues	9,358,283	9,108,283	9,051,487	(56,796)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	2,259,551	2,259,551	2,259,551	-
0072 Interest on Long-Term Debt	7,088,732	6,838,732	6,838,241	491
0073 Bond Issuance Cost and Fees	10,000	223,500	218,565	4,935
6030 Total Expenditures	9,358,283	9,321,783	9,316,357	5,426
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(213,500)	(264,870)	(51,370)
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	968,400	968,400	-
7911 Capital Related Debt Issued	-	1,465,330	1,465,330	-
7916 Premium or Discount on Issuance of Bonds	-	232,965	232,965	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(968,400)	(968,400)	-
7080 Total Other Financing Sources (Uses)	-	1,698,295	1,698,295	-
1200 Net Change in Fund Balances	-	1,484,795	1,433,425	(51,370)
0100 Fund Balance - July 1 (Beginning)	-	8,745,786	8,745,786	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 10,230,581	\$ 10,179,211	\$ (51,370)

CELINA INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021

Section A: Compensatory Education Programs

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.	866,778
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1,192,702

Section B: Bilingual Education Programs

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.	150,270
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	489,885

REPORTS ON COMPLIANCE & INTERNAL CONTROL

Morgan, Davis, & Company, P.C.
Post Office Box 8158
Greenville, Texas 75404

**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***

Independent Auditor's Report

Celina Independent School District
205 South Colorado
Celina, Texas 75009

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Celina Independent School District, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2021.

Internal Control Over Financial Reporting

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

/s/ Morgan, Davis & Company, P.C.

Morgan, Davis, & Company, P.C.
Greenville, Texas

November 7, 2021

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

Summary of Auditor's Results:

The type of report we issued on whether the financial statements of Celina Independent School District were prepared in accordance with GAAP as an unmodified opinion.

With respect to internal control over financial reporting, we identified no material weaknesses and we reported no significant deficiencies.

We noted no noncompliance material to the financial statements,

Financial Statements Findings:

There are no findings related to financial statements which are required to be reported in accordance with *Generally Accepted Auditing Standards*.

CELINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

(Prepared by the District's Administration)

There were no prior audit findings which required corrective action.

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

(Prepared by the District's Administration)

There were no corrective actions necessary for the year ended June 30, 2021.

SCHOOLS FIRST QUESTIONNAIRE

Celina Independent School District

Fiscal Year 2021

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	87,569