Tarkington Independent School District

Annual Financial Report
For the Fiscal Year Ended August 31, 2021

Tarkington Independent School District

Annual Financial Report
For the Fiscal Year Ended August 31, 2021
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Certificate of the Board

Tarkington Independent School District	**Liberty**	**146-907**
Name of School District	County	Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and ✓ approved _____ disapproved for the fiscal year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 10th day of January, 2022.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Independent Auditor's Report

To the Board of Trustees of
Tarkington Independent School District
Cleveland, Texas

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 Tarkington Independent School District (the District), as of and for the fiscal year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 the District, as of August 31, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended August 31, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

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 Required Supplementary Information, as listed in the table of contents 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information and the Schedule of Required Responses to Selected School First Indicators, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Board of Trustees of
Tarkington Independent School District

The Schedule of Required Responses to Selected School First Indicators (Other Information) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 10, 2022

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Management's Discussion and Analysis

As management of the Tarkington Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2021. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, and net pension liability.

Financial Highlights

- The assets and deferred outflows or resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $7,287,414 *(net position).*
- The District's net position increased by $408,199 from current operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $11,667,006, an increase of $1,386,788 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the general fund was $10,507,689 or 59 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, incurred but unpaid workers' compensation benefits, and earned but unused sick leave).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues *(governmental activities)*. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Interest on Long-term Debt, Issuance Costs and Fees, Payments Related to Shared Service Arrangements and Other Intergovernmental Charges*.

The government-wide financial statements can be found as noted in the table of contents of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Elementary and Secondary School Emergency Relief III, and debt service fund, which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund, debt service fund, and national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and supplementary information, including schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $7,287,414 at the close of the most recent fiscal year.

Tarkington Independent School District's Net Position

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	$ 16,230,047	57	$ 14,426,243	54	$ 1,803,804	13
Capital assets, net of depreciation	12,437,647	43	12,474,757	46	(37,110)	-
Total assets	28,667,694	100	26,901,000	100	1,766,694	
Total deferred outflows of resources	3,547,713	100	3,637,477	100	(89,764)	(2)
Long-term liabilities outstanding	19,053,899	93	19,155,588	94	(101,689)	(1)
Other liabilities	1,543,786	7	1,156,303	6	387,483	34
Total liabilities	20,597,685	100	20,311,891	100	285,794	
Total deferred outflows of resources	4,330,308	100	3,347,371	100	982,937	29
Net position:						
Net investment in capital assets	3,480,274	48	3,688,763	54	(208,489)	(6)
Restricted	1,495,954	20	1,072,580	16	423,374	39
Unrestricted (deficit)	2,311,186	32	2,117,872	31	193,314	9
Total net position	$ 7,287,414	100	$ 6,879,215	100	$ 408,199	

The largest portion of the District's net position $3,480,274 (48%) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of $1,495,954 (20%) is restricted for grants and debt service.

The District's unrestricted net position $2,311,186 is available to meet the District's ongoing obligations to students and creditors.

Governmental Activities. Governmental activities increased the District's net position by $408,199 from current operations. The elements giving rise to this increase may be determined from the table below:

Tarkington Independent School District's Changes in Net Position

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	$ 296,803	1	$ 385,697	2	$ (88,894)	(23)
Operating grants and contributions	4,631,399	21	4,368,770	19	262,629	6
General revenues:						
Property taxes, levied for general purposes	6,716,997	30	6,468,369	28	248,628	4
Property taxes, levied for debt service	863,164	4	834,144	4	29,020	3
Grants and contributions not restricted to specific programs	9,626,772	44	10,555,456	46	(928,684)	(9)
Investment earnings	111,398	-	138,490	1	(27,092)	(20)
Miscellaneous	37,140	-	76,986	-	(39,846)	(52)
Total revenues	22,283,673	100	22,827,912	100	(544,239)	
Expenses:						
Instruction	11,546,674	51	11,461,175	54	85,499	1
Instructional resources and media services	229,200	1	214,795	1	14,405	7
Curriculum and instructional staff development	75,882	-	83,707	-	(7,825)	(9)
Instructional leadership	135,260	1	151,716	1	(16,456)	(11)
School leadership	1,080,216	5	1,101,930	5	(21,714)	(2)
Guidance, counseling, and evaluation services	570,595	3	533,356	3	37,239	7
Health services	205,995	1	187,113	1	18,882	10
Student transportation	901,580	4	879,215	4	22,365	3
Food services	1,307,988	6	1,222,923	6	85,065	7
Extracurricular activities	593,027	3	671,280	3	(78,253)	(12)
General administration	985,901	5	1,009,359	5	(23,458)	(2)
Plant maintenance and operations	2,543,397	12	2,329,650	11	213,747	9
Security and monitoring services	230,452	1	173,049	1	57,403	33
Data processing services	218,287	1	238,211	1	(19,924)	(8)
Community services	9,960	-	-	-	9,960	100
Interest on long-term debt	540,530	2	251,537	1	288,993	115
Issuance costs and fees	153,413	1	1,300	-	152,113	11,701
Payments related to shared service arrangements	370,049	2	342,406	2	27,643	8
Other intergovernmental charges	177,068	1	181,563	1	(4,495)	(2)
Total expenses	21,875,474	100	21,034,285	100	841,189	
Change in net position	408,199		1,793,627		(1,385,428)	
Net position - beginning	6,879,215		5,085,588		1,793,627	
Net position - ending	$ 7,287,414		$ 6,879,215		$ 408,199	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling $14,258,171) represent 65 percent of total revenues and property taxes $7,580,161 represents 34 percent of total revenues. The remaining 1 percent is generated from charges for services, investment earnings, and miscellaneous revenue.

The primary functional expense of the District is Instruction ($11,546,674), which represents 51 percent of total expenses. Plant Maintenance and Operations ($2,543,397) represents 12 percent of total expenses. The remaining functional categories of expenses are 6 percent or less than total expenses.

Financial Analysis of the Government's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $11,667,006 an increase of $1,386,788 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $10,252,714 and total fund balance was $10,507,689. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Both unassigned and total fund balance represent approximately 59 percent of total general fund expenditures. The fund balance of the District's general fund increased by $1,029,639 during the current fiscal year. The most significant change in revenues was the increase in federal revenue from the increase in funding from the federal government.

The Elementary and Secondary School Emergency Relief III fund does not reflect a fund balance because it contains a receivable to offset allowable expenditures relating to the District's response to the conoravirus pandemic.

The debt service fund has a total fund balance of $652,533, all of which is restricted for the future payment of debt service. The net increase in fund balance during the current year in the debt service fund was $191,688. The increase is a result of the District issuing a partial refunding bond.

General Fund Budgetary Highlights

The District amended the budget several times throughout the year. The most significant difference between the original budget and the final amended budget for the general fund was to amend budgeted revenues for an estimated increase in state revenues.

The most significant variance between the final budget and actual results was an unbudgeted capital lease used to acquire and install $710,436 of energy saving equipment.

Capital Assets and Long–term Liabilities

Capital Assets. The District's investment in capital assets for its governmental type activities as of August 31, 2021, amounts to $12,437,647 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, and furniture and equipment.

Tarkington Independent School District's Capital Assets
(net of depreciation)

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	$ 504,825	4	$ 504,825	4	$ -	-
Buildings and improvements	9,501,674	76	10,098,886	81	(597,212)	(6)
Furniture and equipment	2,431,148	20	1,871,046	15	560,102	30
Totals	$ 12,437,647	100	$ 12,474,757	100	$ (37,110)	

Major capital asset additions during the current fiscal year included the following:

- $710,436 – Capital lease - equipment
- $31,387 – Honda Pilot
- 13,286 – Table Top Tire Changer

Additional information on the District's capital assets can be found in Note 3.D. to the financial statements as noted in the table of contents of this report.

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

Tarkington Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2021		2020		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds	$ 8,653,108	45	$ 8,785,994	46	$ (132,886)	(2)
Capital lease	710,436	4	-	-	710,436	100
Workers' compensation	25,820	-	40,196	-	(14,376)	(36)
Compensated absences	101,024	-	91,124	1	9,900	11
Net pension liability	4,508,795	24	4,308,570	22	200,225	5
Net OPEB liability	5,054,716	27	5,929,704	31	(874,988)	(15)
Totals	$ 19,053,899	100	$ 19,155,588	100	$ (101,689)	

The District's bonded debt decreased $101,689 primarily from scheduled payments of principal.

The District's general obligation debt is backed by the full faith and credit District and is further guaranteed by the Texas Permanent School Fund Guarantee Program. State statutes do not limit the rate or amount for the support of school districts bonded indebtedness.

Additional information on the District's long-term debt can be found in Note 3.E. to the financial statements as indicated in the table of contents of this report.

Additional information on the District's net pension liability can be found in Note 4.C. to the financial statements as indicated in the table of contents of this report.

Additional information on the District's net OPEB liability can be found in Note 4.D. to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budget and Rates

- Current enrollment totals 1,815 students, which is a decrease from 1,876 students from the preceding year.
- District staff totals 290 employees, which consist of 137 teachers and 64 teachers' aides and secretaries.
- The District maintains four campuses for instruction.
- The unemployment rate for the County is currently 10.6 percent, which is an increase from a rate of 5.2 percent a year ago. The State's average unemployment rate is 5.9 percent, which is a decrease from 6.9 percent a year ago.
- Property values of the District are projected to increase to $855,487,336 for the 2021-2022 fiscal year.
- A maintenance and operations tax rate of $0.8720 and a debt service tax rate of $0.09630, and a total rate of $0.9847, were adopted for 2021-2022. Preceding year rate was $0.8747 for maintenance and operations and $0.11 for debt service.

All of these factors were considered in preparing the District's budget for the 2021-2022 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, Tarkington Independent School District, 2770 FM 163, Cleveland, Texas, 77327.

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Basic Financial Statements

Tarkington Independent School District **Exhibit A-1**

Statement of Net Position

August 31, 2021

Data Control Codes		1 Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 10,845,200
1120	Current investments	8,779
1220	Property taxes receivables	3,285,036
1230	Allowance for uncollectable taxes	(295,000)
1240	Due from other governments	2,351,895
1290	Other receivables	11,800
1300	Inventories	22,337
	Capital Assets:	
1510	Land and improvements	504,825
1520	Buildings and improvements (net)	9,501,674
1530	Furniture and equipment (net)	2,431,148
1000	Total assets	28,667,694
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflows - pension	1,792,633
1706	Deferred outflows - OPEB	1,648,213
1710	Deferred charge on refunding	106,867
1700	Total deferred outflows of resources	3,547,713
	LIABILITIES	
2110	Accounts payable	98,471
2140	Interest payable	5,550
2160	Accrued wages payable	970,041
2180	Due to other governments	469,724
	Noncurrent liabilities:	
2501	Due within one year	830,031
2502	Due in more than one year	8,660,357
2540	Net pension liability	4,508,795
2545	Net OPEB liability	5,054,716
2000	Total liabilities	20,597,685
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflows - pension	628,961
2606	Deferred inflows - OPEB	3,701,347
2600	Total deferred inflows of resources	4,330,308
	NET POSITION:	
3200	Net investment in capital assets	3,480,274
3820	Restricted for grants	541,553
3850	Restricted for debt service	954,401
3900	Unrestricted	2,311,186
3000	**TOTAL NET POSITION**	$ 7,287,414

The Notes to the Financial Statements are an integral part of this statement.

Tarkington Independent School District **Exhibit B-1**

Statement of Activities

For the Fiscal Year Ended August 31, 2021

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	PRIMARY GOVERNMENT:				
	Governmental activities:				
0011	Instruction	$ 11,546,674	$ 1,725	$ 2,666,890	$ (8,878,059)
0012	Instructional resources and media services	229,200	-	38,890	(190,310)
0013	Curriculum and instructional staff development	75,882	-	52,395	(23,487)
0021	Instructional leadership	135,260	-	12,103	(123,157)
0023	School leadership	1,080,216	-	113,607	(966,609)
0031	Guidance, counseling, and evaluation services	570,595	-	47,870	(522,725)
0033	Health services	205,995	-	28,423	(177,572)
0034	Student transportation	901,580	-	48,890	(852,690)
0035	Food services	1,307,988	285,573	1,193,401	170,986
0036	Extracurricular activities	593,027	9,505	31,814	(551,708)
0041	General administration	985,901	-	90,959	(894,942)
0051	Plant maintenance and operations	2,543,397	-	140,728	(2,402,669)
0052	Security and monitoring services	230,452	-	54,985	(175,467)
0053	Data processing services	218,287	-	92,086	(126,201)
0061	Community services	9,960	-	1,220	(8,740)
0072	Interest on long-term debt	540,530	-	17,138	(523,392)
0073	Issuance cost and fees	153,413	-	-	(153,413)
0093	Payments related to shared services arrangements	370,049	-	-	(370,049)
0099	Other intergovernmental charges	177,068	-	-	(177,068)
TG	Total governmental activities	21,875,474	296,803	4,631,399	(16,947,272)
TP	**TOTAL PRIMARY GOVERNMENT**	$ 21,875,474	$ 296,803	$ 4,631,399	(16,947,272)
	General revenues:				
MT	Property taxes, levied for general purposes				6,716,997
DT	Property taxes, levied for debt service				863,164
GC	Grants and contributions not restricted to specific programs				9,626,772
IE	Investment earnings				111,398
MI	Miscellaneous				37,140
TR	Total general revenues				17,355,471
CN	Change in net position				408,199
NB	Net position - beginning				6,879,215
NE	**NET POSITION - ENDING**				$ 7,287,414

The Notes to the Financial Statements are an integral part of this statement.

Tarkington Independent School District **Exhibit C-1**

Balance Sheet
Governmental Funds
August 31, 2021

Data Control Codes		199 General Fund	282 Elementary and Secondary School Emergency Relief III	599 Debt Service Fund	Total Nonmajor Funds	98 Total Governmental Funds
	ASSETS					
1110	Cash and cash equivalents	$ 9,674,616	$ -	$ 655,156	$ 515,428	$ 10,845,200
1120	Current investments	6,849	-	1,930	-	8,779
1220	Property taxes receivable	2,949,184	-	335,852	-	3,285,036
1230	Allowance for uncollectable taxes	(265,000)	-	(30,000)	-	(295,000)
1240	Due from other governments	1,535,498	627,804	-	188,593	2,351,895
1260	Due from other funds	701,852	-	-	-	701,852
1290	Other receivables	11,800	-	-	-	11,800
1300	Inventories	-	-	-	22,337	22,337
1000	Total assets	14,614,799	627,804	962,938	726,358	16,931,899
1000a	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**	$ 14,614,799	$ 627,804	$ 962,938	$ 726,358	$ 16,931,899
	LIABILITIES					
2110	Accounts payable	$ 21,187	$ -	$ -	$ 77,284	$ 98,471
2160	Accrued wages payable	936,568	-	-	33,473	970,041
2170	Due to other funds	-	627,804	-	74,048	701,852
2180	Due to other governments	465,171	-	4,553	-	469,724
2000	Total liabilities	1,422,926	627,804	4,553	184,805	2,240,088
	DEFERRED INFLOWS OF RESOURCES					
2600	Unavailable revenue - property taxes	2,684,184	-	305,852	-	2,990,036
2601	Unavailable revenue - grants	-	-	-	34,769	34,769
	Total deferred inflows of resources	2,684,184	-	305,852	34,769	3,024,805
	FUND BALANCES					
3480	Restricted - debt service	-	-	652,533	-	652,533
3450	Restricted - grant funds	-	-	-	541,553	541,553
3590	Assigned - purchases on order	254,975	-	-	-	254,975
3600	Unassigned	10,252,714	-	-	(34,769)	10,217,945
3000	Total fund balances	10,507,689	-	652,533	506,784	11,667,006
4000	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**	$ 14,614,799	$ 627,804	$ 962,938	$ 726,358	$ 16,931,899

The Notes to the Financial Statements are an integral part of this statement.

Tarkington Independent School District **Exhibit C-1R**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)		$ 11,667,006
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end conisist of:		
Governmental capital assets costs	$ 32,544,720	
Accumulated depreciation of governmental capital assets	(20,107,073)	12,437,647
Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.		2,990,036
Grants receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures are deferred in the funds.		34,769
Long-term liabilities, including bonds payable, compensated absences, workers' compensation, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:		
Bonds payable, at original par	$ (7,825,000)	
Accreted interest on the bonds payable	(406,171)	
Premium on bonds payable	(421,937)	
Accrued interest on the bonds payable	(3,984)	
Lease payable	(710,436)	
Accrued interest on Lease payable	(1,566)	
Compensated absences	(101,024)	
Workers' compensation	(25,820)	
Net pension liability	(4,508,795)	
Net OPEB liability	(5,054,716)	(19,059,449)
Deferred charge on refunding is reported as deferred outflow of resources in the statement of net position and is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures.		106,867
Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		1,792,633
Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(628,961)
Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.		1,648,213
Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(3,701,347)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)		$ 7,287,414

The Notes to the Financial Statements are an integral part of this statement.

Tarkington Independent School District **Exhibit C-2**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2021

Data Control Codes		199 General Fund	282 Elementary and Secondary School Emergency Relief III	599 Debt Service Fund	Total Nonmajor Funds	98 Total Governmental Funds
	REVENUES					
5700	Local and intermediate sources	$ 6,904,344	$ -	$ 847,813	$ 285,573	$ 8,037,730
5800	State program revenues	9,919,532	-	17,138	115,028	10,051,698
5900	Federal program revenues	1,165,747	627,804	-	2,195,216	3,988,767
5020	Total revenues	17,989,623	627,804	864,951	2,595,817	22,078,195
	EXPENDITURES					
	Current:					
0011	Instruction	9,513,719	276,632	-	1,051,506	10,841,857
0012	Instructional resources and media services	204,960	13,552	-	14,802	233,314
0013	Curriculum and instructional staff development	23,487	420	-	51,975	75,882
0021	Instructional leadership	128,445	4,071	-	674	133,190
0023	School leadership	978,277	45,830	-	4,047	1,028,154
0031	Guidance, counseling, and evaluation services	526,425	19,508	-	2,576	548,509
0033	Health services	185,408	19,146	-	-	204,554
0034	Student transportation	748,130	22,587	-	-	770,717
0035	Food services	-	-	-	1,259,818	1,259,818
0036	Extracurricular activities	561,058	1,086	-	-	562,144
0041	General administration	913,123	22,142	1,300	4,505	941,070
0051	Plant maintenance and operations	2,304,423	103,240	-	-	2,407,663
0052	Security and monitoring services	175,436	52,856	-	-	228,292
0053	Data processing services	140,918	46,277	-	40,453	227,648
0061	Community services	9,058	457	-	-	9,515
	Debt service:					
0071	Principal on long-term debt	-	-	500,000	-	500,000
0072	Interest on long-term debt	-	-	175,985	-	175,985
0073	Issuance costs and fees	-	-	153,413	-	153,413
	Capital outlay:					
0081	Facilities acquisition and construction	710,436	-	-	-	710,436
	Intergovermental:					
0093	Payments to shared services arrangements	370,049	-	-	-	370,049
0099	Other intergovernmental charges	177,068	-	-	-	177,068
6030	Total expenditures	17,670,420	627,804	830,698	2,430,356	21,559,278
1100	Excess (deficiency) of revenues over (under) expenditures	319,203	-	34,253	165,461	518,917
	OTHER FINANCING SOURCES (USES)					
7911	Issuance of refunding bonds	-	-	7,295,000	-	7,295,000
7913	Proceeds from capital lease	710,436	-	-	-	710,436
7916	Premium on issuance of bonds	-	-	405,069	-	405,069
8940	Payment to bond refunding escrow agent	-	-	(7,542,634)	-	(7,542,634)
7080	Total other financing sources (uses)	710,436	-	157,435	-	867,871
1200	Net change in fund balances	1,029,639	-	191,688	165,461	1,386,788
0100	Fund balances - beginning	9,478,050	-	460,845	341,323	10,280,218
3000	**FUND BALANCES - ENDING**	$ 10,507,689	$ -	$ 652,533	$ 506,784	$ 11,667,006

The Notes to the Financial Statements are an integral part of this statement.

Tarkington Independent School District

Exhibit C-3

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended August 31, 2021

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)		$ 1,386,788
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.		
Capital assets *increased*	$ 764,909	
Depreciation expense	(802,019)	(37,110)
Because some revenues will not be collected for several months after the District's fiscal year end, they are not considered available and are deferred in the governmental funds. Deferred inflows increased (decreased) by this amount this year.		
Unavailable revenues - property taxes	$ (11,728)	
Unavailable revenues - grants	34,769	23,041
Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
Par value	$ (7,295,000)	
(Premium) discount	(405,069)	(7,700,069)
Issuance of leases provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position		(710,436)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond payable principal payment		500,000
Payments to escrow agent to refund bonds from refunding proceeds.		7,542,634
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The (increase) decrease in interest reported in the statement of activities consists of the following:		
Accrued interest on current interest bonds payable *(increased) decreased*	$ 8,058	
Accreted interest on capital appreciation bonds *(increased) decreased*	(406,171)	
Amortization of bond premium	63,305	
Amortization of deferred charge on refunding	(28,171)	
Accrued interest on lease payable *(increased) decreased*	(1,566)	(364,545)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The amounts are as follows:		
Workers' compensation *(increased) decreased*	$ 14,376	
Compensated absences (*increased) decreased*	(9,900)	4,476
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ (247,912)	
Deferred inflows (increased) decreased	153,133	
Net pension liability (increased) decreased	(200,225)	(295,004)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ 319,506	
Deferred inflows (increased) decreased	(1,136,070)	
Net OPEB liability (increased) decreased	874,988	58,424
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)		$ 408,199

The Notes to the Financial Statements are an integral part of this statement.

Tarkington Independent School District **Exhibit E-1**

Statement of Fiduciary Net Position
Fiduciary Fund
August 31, 2021

	865 Custodial Fund
	Student Activity
ASSETS	
Cash and cash equivalents	$ 373,462
Total assets	373,462
NET POSITION	
Restricted for:	
Student activities	373,462
TOTAL NET POSITION	$ 373,462

The Notes to the Financial Statements are an integral part of this statement.

Tarkington Independent School District **Exhibit E-2**

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended August 31, 2021

	865 Custodial Fund
	Student Activity
ADDITIONS	
Contributions or gifts	$ 285,465
Total additions	285,465
DEDUCTIONS	
Student activities	234,570
Total deductions	234,570
Net change in fiduciary net position	50,895
Net position - beginning of year	-
Cummulative effect of adoption of GASB 84	322,567
NET POSITION - END OF YEAR	$ 373,462

The Notes to the Financial Statements are an integral part of this statement.

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Note 1. Summary of Significant Accounting Procedures

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The Tarkington Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *Elementary and Secondary School Emergency Relief III fund* is used to account for federal awards to support the District's ability to prevent, prepare for, and respond to the coronavirus pandemic.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Additionally, the District reports the following fund types:

The total *nonmajor (special revenue) funds* are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

The *custodial fund* accounts for assets held by the District for student organizations. Contributions, student fees and fundraisers benefit the related organizations.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available, excluding property taxes, if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and deposits with the District's bank depository.

2. Investments

Investments for the District include investment pools. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land and improvements, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. 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.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and improvements	5-35
Furniture and equipment	5-15

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plan after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes and grants are recognized in the period the amount becomes available, when collected.

6. Compensated Absences

Vacation

The District does not have a liability for unpaid vacation at year end as the District's policy does not allow carryover of vacation not taken by August 31.

Sick Leave

It is the District's policy to permit employees to accumulate earned but unused sick leave benefits. Payment for unused sick leave days accumulated locally will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas) for all employees who have been employed by the District for ten consecutive years or more. All sick pay is accrued when incurred for employees who have completed ten or more years of service with the District in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, the result of employee retirement.

7. Net Position Flow Assumption

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

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

In the fund financial statements, governmental funds report fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which the amounts in the respective governmental funds can be spent. The District reports the following classifications of fund balance:

The *nonspendable* classification accounts for amounts that are not in spendable form. The amounts reported in this category pertain to inventories and prepaid items that the District does not expect to convert to cash.

The *restricted* classification accounts for amounts that have external constraints imposed upon the use of the resources by bondholders, grantors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The amounts reported in this category include funding from external sources such as state and federal grants, tax levies for the repayment of principal and interest on long-term debt, and unspent bond proceeds for the construction and equipment of school facilities.

The *committed* classification accounts for amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts can only be used for the purpose intended, which requires formal Board action by passage of a resolution to establish (as noted in Board minutes), unless the Board modifies or removes the specified use by taking the same formal Board action.

The *assigned* classification accounts for amounts that the District intends to use for a specific purpose. The Board delegates to the Superintendent or designee the responsibility to assign funds. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. The amounts reported in this category include outstanding encumbrances at the end of the fiscal year.

The *unassigned* classification accounts for the residual amount in the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount.

10. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net 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 Pension Plan 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.

11. **Other Postemployee Benefits**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

H. Use of Estimates

The presentation 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) 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 database for policy development and funding plans.

J. Implementation of New Accounting Standards

GASB Statement No. 84, Fiduciary Activities (GASB 84), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018; however, issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95), extended the effective date of GASB 84 to reporting periods beginning after December 15, 2019, with earlier application encouraged. GASB 84 was implemented in the District's 2021 financial statements resulting in a cumulative effect adjustment as of September 1, 2020 of $322,567 to net position in the fiduciary fund financial statements due to reclassification of certain fiduciary activities to conform to the new standard.

K. Recent Accounting Pronouncements

GASB Statement No. 87, Leases (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB 95, extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 will be implemented in the District's fiscal year 2022 financial statements and the impact has not yet been determined.

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, National School Breakfast and Lunch Program special revenue fund and debt service fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:	
	Restricted Fund Balance	Assigned Fund Balance
General fund	$ -	$ 254,975
Total nonmajor funds	20,488	-
Total encumbrances	$ 20,488	$ 254,975

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits
The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments
The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0015; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have a dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District's investment balances and weighted average maturity of such investments are as follows:

Investment Type	Current Investments	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Not subject to level reporting:				
Investments measured at amortized costs				
Lone Star Government Overnight	3,021	34.4%	45	AAAm
Lone Star Corporate Overnight	2,602	29.6%	52	AAAm
Investments measured at fair value,				
Lone Star Corporate Overnight Plus	3,156	35.9%	75	Aaf/S1+
Total value	$ 8,779	100%		
Portfolio weighted average maturity			58	

Investment Pools are measured at net asset value; i.e. fair value or amortized costs. Such investments are not required to be reported in the fair value hierarchy.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Standish Mellon Asset Management and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

The objective of the Lone Star Government Overnight Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. The fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 60 days or fewer. The fund may invest in obligations of the U.S. or its agencies and instrumentalities; other obligations guaranteed or insured by the U.S. or its agencies and instrumentalities; fully collateralized repurchase agreements having a defined termination date and secured by obligations of the U.S. or its agencies and instrumentalities; reverse repurchase agreements authorized under the Public Funds Investment Act; and SEC-regulated no-load money market mutual funds that invest exclusively in authorized Government Overnight Fund Investments.

The objective of the Lone Star Corporate Overnight Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. This fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 60 days or fewer. The fund may invest in all securities authorized under the Public Funds Investment Act; however, the fund has additional restrictions for SEC regulated money market mutual funds and fully collateralized repurchase agreements.

The objective of the Lone Star Corporate Overnight Plus Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. This fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 120 days or fewer. The fund may invest in all! securities authorized under the Public Funds Investment Act; however, the fund has additional restrictions for SEC regulated money market mutual funds and fully collateralized repurchase agreements.

Credit Risk
For fiscal year 2021, the District invested in various Lone Star investment pools. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC. formerly the Texas Association of School Boards Financial Services. The credit rating for such investments are disclosed in the preceding table.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed one year from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk
The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2021, District's banks' balances of $11,611,170, were not exposed to custodial credit risk because such balances were insured and collateralized with securities held by the District's agent and in the District's name.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial credit risk as the investments are held by the District in the District's name.

B. Receivables

Tax revenues of the general fund are reported net of uncollectible amounts. Total change in uncollectible amounts increased (decreased) revenues of the current period were as follows:

Change in uncollectibles related to general fund property taxes	$ 3,000
Change in uncollectibles related to debt service property taxes	(3,000)
Total change in uncollectibles of the current fiscal year	$ -

Approximately 83% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables and Transfers

Receivables/Payables
The composition of interfund receivable/payable balances as of August 31, 2021, is as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	$ 701,852	$ -
Elementary and Secondary School Emergency Relief III	-	627,804
Other governmental funds - nonmajor	-	74,048
Totals	$ 701,852	$ 701,852

Interfund balances consist of short-term lending/borrowing arrangements that generally result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The District did not have any transfers during the fiscal year ended August 31, 2021.

D. Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 504,825	$ -	$ -	$ 504,825
Total capital assets, not being depreciated	504,825	-	-	504,825
Capital assets, being depreciated:				
Buildings and improvements	27,171,712	-	-	27,171,712
Furniture and equipment	4,103,274	764,909	-	4,868,183
Total capital assets, being depreciated	31,274,986	764,909	-	32,039,895
Less accumulated depreciation for:				
Buildings and improvements	(17,072,826)	(597,212)	-	(17,670,038)
Furniture and equipment	(2,232,228)	(204,807)	-	(2,437,035)
Total accumulated depreciation	(19,305,054)	(802,019)	-	(20,107,073)
Total capital assets, being depreciated, net	11,969,932	(37,110)	-	11,932,822
Governmental activities capital assets, net	$ 12,474,757	$ (37,110)	$ -	$ 12,437,647

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

Governmental activities:		
11 Instruction	$	478,969
34 Student transportation		150,781
35 Food services		11,637
36 Extracurricular activities		25,075
41 General administration		2,321
51 Plant maintenance and operations		133,236
Total depreciation expense-governmental activities	$	802,019

E. Long-term Liabilities

The District's long-term liabilities consist of bonds payable, capital leases, workers' compensation, compensated absences, and net pension and net OPEB liability. The current requirements for bond principal and interest expenditures are accounted for in the debt service fund. The current requirements for workers' compensation and compensated absences are accounted for in the general fund and nonmajor governmental funds. Other long-term liabilities are generally liquidated with resources of the general fund.

Changes in Long-term Liabilities
Long-term liability activity for the fiscal year ended August 31, 2021 was as follows:

	Beginning Balance	Additions (Adjustments)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds, par	$ 8,325,000	$ 7,295,000	$ (7,795,000)	$ 7,825,000	$ 640,000
Accreted interest	-	406,171	-	406,171	-
Issuance premiums	460,994	405,069	(444,126)	421,937	-
Total bonds payable	8,785,994	8,106,240	(8,239,126)	8,653,108	640,000
Capital lease	-	710,436	-	710,436	63,187
Workers' compensation	40,196	27,472	(41,848)	25,820	25,820
Compensated absences	91,124	9,900	-	101,024	101,024
Net pension liability	4,308,570	565,929	(365,704)	4,508,795	-
Net OPEB liability	5,929,704	643,330	(1,518,318)	5,054,716	-
Governmental activites long-term liabilities	$ 19,155,588	$ 10,063,307	$ (10,164,996)	$ 19,053,899	$ 830,031

General Obligation Bonds
The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and refund prior bond issues (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as current interest and capital appreciation (CAB) bonds with various amounts of principal maturing each year. The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2012 REF	1.50-3.75%	$ 9,030,000	2033	$ 8,065,000	$ -	$ (7,535,000)	$ 530,000
2013 REF	1.00-2.00%	2,360,000	2021	260,000	-	(260,000)	-
2021 REF/CAB	0.18%-1.64%	7,295,000	2033	-	7,295,000	-	7,295,000
Totals				$ 8,325,000	$ 7,295,000	$ (7,795,000)	$ 7,825,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2022	$ 640,000	$ 84,738	$ 724,738
2023	215,000	489,339	704,339
2024	655,000	78,258	733,258
2025	660,000	75,363	735,363
2026	660,000	71,271	731,271
2027	690,000	34,578	724,578
2028	690,000	58,264	748,264
2029	715,000	49,396	764,396
2030	690,000	39,459	729,459
2031	720,000	29,091	749,091
2032	745,000	17,955	762,955
2033	745,000	6,109	751,109
Totals	$ 7,825,000	$ 1,033,821	$ 8,858,821

As of August 31, 2021, the District did not have any authorized but unissued bonds.

In February 2021, the District issued $7,295,000 of Unlimited Tax Refunding Bonds, Series 2021. The issuance refunded $7,295,000 of the District's Series 2012 Bonds, and was initiated to lower overall annual debt service requirements of the District and to pay the costs of issuance of the Unlimited Tax Refunding Bonds, Series 2021. The net carrying value of the old debt was less than the reacquisition price by $89,826. This amount is be amortized over the life of the new debt. Cash flow savings were $828,236 while net present value savings were $767,594 for the refunded bonds. The bonds are scheduled to mature on February 15, 2033.

The District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. As of August 31, 2021, there were $7,295,000 of defeased bonds outstanding.

Capital Lease

In April 2021, the District entered into a capital lease agreement for the acquisition and installation of energy saving equipment in the amount of $710,436. The lease is payable in quarterly installments beginning December 6, 2021 and matures on September 6, 2029.

Future minimum lease payments are as follows:

Year Ending August 31,	Governmental Activities
2022	$ 70,633
2023	94,177
2024	94,177
2025	94,177
2026	94,177
2027	94,177
2028	94,177
2029	94,177
2030	23,545
Total minimum future lease payments	753,419
Less: Amount representing interest	(42,983)
Present value of minimum lease payments	$ 710,436

Capital assets and accumulated depreciation acquired under the lease agreement totals approximately $710,436 and $0 as of August 31, 2021 respectively, and are classified as furniture and equipment in governmental activities. Depreciation expense on these assets totaled approximately $0 for the fiscal year ended August 31, 2021.

F. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Nonmajor Governmental Funds	Totals
Property taxes	$ 6,752,123	$ 839,766	$ -	$ 7,591,889
Charges for services	9,505	-	285,573	295,078
Investment income	105,873	5,525	-	111,398
Other	36,843	2,522	-	39,365
Totals	$ 6,904,344	$ 847,813	$ 285,573	$ 8,037,730

Note 4. Other Information

A. Risk Management

Property/Liability
The District is exposed to various risks of loss related to property and liability. During the fiscal year 2021, the District purchased property insurance through North American Solutions (NAS), agent for AmRise, LLC, for claims related to such risks.

In addition, the District purchases equipment, vehicle, and liability insurance through NAS, agent for Property Casualty Alliance of Texas (PCAT) and transfers the risk to the Fund. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

Health Care Coverage
During the year ended August 31, 2021, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of $275 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS.

Workers' Compensation
During the year ended August 31, 2021, Tarkington ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. 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.

Tarkington ISD participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs 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 yet reported. For the year-ended August 31, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors 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.

Prior to September 1, 2019, the District participated in a separate plan (Plan) where the District is responsible for claims costs, both reported and unreported, until the deductible is met. The Plan provides administrative services to its self-funded members including claims administration and customer service. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for workers' compensation coverage and develop a comprehensive loss control program.

Liabilities of the Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate.

Below is a summary combining the claims liability for claims covered by TASB as well as the prior plan.

Changes in the Fund's claims liability for the last two fiscal years are as follows:

	Year Ended 8/31/2021	Year Ended 8/31/2020
Unpaid claims, beginning of fiscal year	$ 40,196	$ 25,291
Incurred claims, including provision and adjustments	27,472	29,414
Claim payments	(41,848)	(14,509)
Unpaid claims, end of fiscal year	$ 25,820	$ 40,196

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

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

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

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

Benefits Provided

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

Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, 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, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2021	2020
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	7.5%
Employers (District)	7.5%	7.5%

The contribution amounts for the District's fiscal year 2021 are as follows:

	2021
District contributions	$ 456,726
Member contributions	936,897
NECE on-behalf contributions (State)	655,422

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

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

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

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.5% of the member's salary beginning in September 1, 2019, gradually increasing to 2.0% on September 1, 2024.

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

At August 31, 2021, the District reported a liability of $4,508,795 for its proportionate share of the TRS's net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	$ 4,508,795
State's proportionate share of the net pension liability associated with the District	8,608,113
Total	$ 13,116,908

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 August 31, 2019 rolled forward to August 31, 2020. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At the measurement date of August 31, 2020, the District's proportion of the collective net pension liability was 0.00842% which was an increase of 0.00013% from its proportion measured as of August 31, 2019.

For the fiscal year ended August 31, 2021, the District recognized pension expense of $1,787,095 and revenue of $1,035,365 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,233	$ 125,828
Changes of assumptions	1,046,201	444,837
Difference between projected and actual earnings on pension plan investments	91,276	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	190,197	58,296
District contributions paid subsequent to the measurement date	456,726	-
Totals	$ 1,792,633	$ 628,961

$456,726 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ending August 31,	
2022	$ 213,290
2023	223,487
2024	221,536
2025	80,971
2026	(33,995)
Thereafter	1,657
Total	$ 706,946

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	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 with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
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 postemployment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality. 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 projection scale U-MP.

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. 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. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.00%	3.90%	0.99%
Non-U.S. developed	13.00%	5.10%	0.92%
Emerging markets	9.00%	5.60%	0.83%
Private equity	14.00%	6.70%	1.41%
Stable value:			
Government bonds	16.00%	-0.70%	-0.05%
Absolute return	-	1.80%	-
Stable value hedge funds	5.00%	1.90%	0.11%
Real return:			
Real estate	15.00%	4.60%	1.02%
Energy, natural resources and infrastructure	6.00%	6.00%	0.42%
Commodities	-	0.80%	-
Risk parity:			
Risk parity	8.00%	3.00%	0.30%
Asset allocation leverage:			
Cash	2.00%	-1.50%	-0.03%
Asset allocation leverage cash	-6.00%	-1.30%	0.08%
Inflation expectation			2.00%
Volatility drag***			-0.67%
Total	100.00%		7.33%

* Target allocations are based on the FY 2020 policy model.

** Capital market assumptionss come from Aon Hewitt (as of 8/31/2020).

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

Discount Rate Sensitivity Analysis
The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	$ 6,952,481	$ 4,508,795	$ 2,523,353

Change of Assumptions Since the Prior Measurement Date
There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Change of Benefit Terms Since the Prior Measurement Date
There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

D. Defined Other Postemployment Benefit Plan

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

OPEB Plan Fiduciary Net Position
Detailed 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/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

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

TRS-Care Monthly Plan Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	$ 135	$ 200
Retiree and spouse	529	689
Retiree or surving 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 school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2021	2020
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2021 are as follows:

District contributions	$ 119,298
Member contributions	79,088
NECE on-behalf contributions (State)	140,387

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

The State of Texas also contributed $54,711, $47,969 and $40,187 in 2021, 2020, and 2019, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of $230.8 million in fiscal year 2020.

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

At August 31, 2021, the District reported a liability of $5,054,716 for its proportionate share of the TRS's net OPEB liability. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	$ 5,054,716
State's proportionate share of the net OPEB liability associated with the District	6,792,326
Total	$ 11,847,042

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 August 31, 2019 rolled forward to August 31, 2020. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At the measurement date of August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0132968% which was an increase of 0.0007581% from its proportion measured as of August 31, 2019.

GASB 75 requires the District to record OPEB expense for the amount of the State's proportionate share of collective OPEB expense that is associated with the District, and record revenue in the same amount for the support provided by the State. For the measurement period ended August 31, 2020, the State's proportionate share of the collective OPEB expense was a negative expense of $151,336,663 and the portion of that amount that is associated with the District is a negative expense of $47,163. This amount is recorded as a negative revenue and negative expense for the year ended August 31, 2021.

For the year ended August 31, 2021, the District recognized total OPEB expense of $13,711, which includes both the District's proportionate share of collective OPEB expense and the portion of the State's proportionate share of collective OPEB expense that is associated with the District, as described.

At August 31, 2021, the District reported 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 experience	$ 264,663	$ 2,313,296
Changes of assumptions	311,771	1,388,051
Difference between projected and actual earnings on OPEB plan investments	1,643	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	950,838	-
District contributions paid subsequent to the measurement date	119,298	-
Totals	$ 1,648,213	$ 3,701,347

$119,298 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year Ending August 31,	
2022	$ (389,136)
2023	(389,356)
2024	(389,481)
2025	(389,447)
2026	(254,434)
Thereafter	(360,578)
Total	$ (2,172,432)

Actuarial Methods and Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

See Note 4.C. for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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.

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	2.33%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability at August 31, 2020. This was a decrease of 0.3% in the discount rate since the August 31, 2019 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability:

	1% Decrease (1.33%)	Current Discount Rate (2.33%)	1% Increase (3.33%)
District's proportionate share of the net OPEB liability	$ 6,065,647	$ 5,054,716	$ 4,256,225

Healthcare Cost Trend Rates
The following table presents the District's proportionate share of the TRS-Care net OPEB liability 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 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 4,129,055	$ 5,054,716	$ 6,287,565

Change of Assumptions Since the Prior Measurement Date
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.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased 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 decreased the total OPEB liability.

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

E. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangement.

Southeast Texas Cooperative for Special Services
The District participates in a shared service arrangement for special education funded under IDEA-B Formula and Preschool and State Supplemental Special Education Funds with other school districts. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Liberty ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared service arrangement.

F. Deficit Fund Balance

Nonmajor funds retained a deficit unassigned fund balance of $34,769 as of August 31, 2021 due to reimbursements that were not collected during the availability period for governmental funds. This deficit is expected to be resolved during fiscal year 2022.

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Required Supplementary Information

Tarkington Independent School District **Exhibit G-1**

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended August 31, 2021

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 6,450,000	$ 6,847,725	$ 6,904,344	$ 56,619
5800	State program revenues	9,625,600	10,525,000	9,919,532	(605,468)
5900	Federal program revenues	233,000	527,810	1,165,747	637,937
5020	Total revenues	16,308,600	17,900,535	17,989,623	89,088
	EXPENDITURES				
	Current:				
0011	Instruction	9,580,425	9,801,672	9,513,719	287,953
0012	Instructional resources and media services	221,776	219,900	204,960	14,940
0013	Curriculum and instructional staff development	50,000	25,000	23,487	1,513
0021	Instructional leadership	121,425	133,400	128,445	4,955
0023	School leadership	996,740	1,025,500	978,277	47,223
0031	Guidance, counseling, and evaluation services	492,615	548,000	526,425	21,575
0033	Health services	206,405	207,500	185,408	22,092
0034	Student transportation	761,415	793,500	748,130	45,370
0036	Extracurricular activities	570,555	575,000	561,058	13,942
0041	General administration	1,020,522	940,000	913,123	26,877
0051	Plant maintenance and operations	2,448,177	2,546,000	2,304,423	241,577
0052	Security and monitoring services	201,363	234,500	175,436	59,064
0053	Data processing services	239,575	199,000	140,918	58,082
0061	Community services	8,514	9,600	9,058	542
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	710,436	(710,436)
	Intergovermental:				
0093	Payments to shared services arrangements	381,000	371,000	370,049	951
0099	Other intergovernmental charges	191,000	178,000	177,068	932
6030	Total expenditures	17,491,507	17,807,572	17,670,420	137,152
1100	Excess (deficiency) of revenues over (under) expenditures	(1,182,907)	92,963	319,203	226,240
	OTHER FINANCING SOURCES (USES)				
7913	Proceeds from capital lease	-	-	710,436	710,436
7080	Total other financing sources (uses)	-	-	710,436	710,436
1200	Net change in fund balance	(1,182,907)	92,963	1,029,639	936,676
0100	Fund balance - beginning	9,478,050	9,478,050	9,478,050	-
3000	**FUND BALANCE - ENDING**	$ 8,295,143	$ 9,571,013	$ 10,507,689	$ 936,676

The Notes to the Required Supplementary Information are an integral part of this schedule.

Tarkington Independent School District **Exhibit G-2**

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan
Teacher Retirement System of Texas
For the Last Seven Fiscal Years*

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0084185%	$ 4,508,795	$ 8,608,113	$ 13,116,908	$ 11,278,236	39.98%	75.54%
2020	0.0082884%	$ 4,308,570	$ 7,980,666	$ 12,289,236	$ 10,307,040	41.80%	75.24%
2019	0.0082537%	$ 4,543,049	$ 9,083,038	$ 13,626,087	$ 10,389,669	43.73%	73.74%
2018	0.0083348%	$ 2,665,009	$ 5,565,486	$ 8,230,495	$ 10,348,422	25.75%	82.17%
2017	0.0085547%	$ 3,232,688	$ 6,834,649	$ 10,067,337	$ 10,373,881	31.16%	78.00%
2016	0.0091676%	$ 3,240,625	$ 6,771,055	$ 10,011,680	$ 10,336,267	31.35%	78.43%
2015	0.0053500%	$ 1,429,059	$ 5,899,354	$ 7,328,413	$ 9,922,159	14.40%	83.25%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

The Notes to the Required Supplementary Information are an integral part of this schedule.

Tarkington Independent School District **Exhibit G-3**

Schedule of the District's Contributions to the
Teacher Retirement System of Texas Pension Plan
For the Last Seven Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 456,726	$ (456,726)	$ -	$ 12,190,318	3.75%
2020	$ 350,320	$ (350,320)	$ -	$ 11,278,236	3.11%
2019	$ 291,203	$ (291,203)	$ -	$ 10,307,040	2.83%
2018	$ 279,559	$ (279,559)	$ -	$ 10,389,669	2.69%
2017	$ 273,165	$ (273,165)	$ -	$ 10,348,422	2.64%
2016	$ 271,804	$ (271,804)	$ -	$ 10,373,881	2.62%
2015	$ 271,457	$ (271,457)	$ -	$ 10,336,267	2.63%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
Ten years of data is not available.

The Notes to the Required Supplementary Information are an integral part of this schedule.

Tarkington Independent School District **Exhibit G-4**

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan
Teacher Retirement System of Texas
For the Last Four Fiscal Years*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.0132968%	$ 5,054,716	$ 6,792,326	$ 11,847,042	$ 11,278,236	44.82%	4.99%
2020	0.0125387%	$ 5,929,704	$ 7,879,246	$ 13,808,950	$ 10,307,040	57.53%	2.66%
2019	0.0118174%	$ 5,900,524	$ 9,182,991	$ 15,083,515	$ 10,389,669	56.79%	1.57%
2018	0.0113858%	$ 4,951,266	$ 8,415,656	$ 13,366,922	$ 10,348,422	47.85%	0.91%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

The Notes to the Required Supplementary Information are an integral part of this schedule.

Tarkington Independent School District **Exhibit G-5**

Schedule of the District's Contributions to the
Teacher Retirement System of Texas OPEB Plan
For the Last Four Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 119,298	$ (119,298)	$ -	$ 12,190,318	0.98%
2020	$ 101,600	$ (101,600)	$ -	$ 11,278,236	0.90%
2019	$ 89,092	$ (89,092)	$ -	$ 10,307,040	0.86%
2018	$ 81,706	$ (81,706)	$ -	$ 10,389,669	0.79%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
Ten years of data is not available.

The Notes to the Required Supplementary Information are an integral part of this schedule.

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended August 31, 2021, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
General fund	81	$ -	$ 710,436	$ (710,436)

The variance is due to a capital lease to acquire and install energy savings equipment.

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in actuarial assumptions and inputs

	Net Pension Liability		Net OPEB Liability
Measurement Date August 31,	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

Changes in Demographic and Economic Assumptions

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

For measurement date August 31, 2020 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased 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 decreased the total OPEB liability.

Supplementary Information

Tarkington Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
August 31, 2021

Data Control Codes		211 Title I, Part A - Improving Basic Programs	240 National School Breakfast and Lunch Program	244 Career and Technical Basic Grant	255 Title II, Part A, Supporting Effective Instruction	266 Elementary and Secondary School Emergency Relief Funds - CARES ACT
	ASSETS					
1110	Cash and cash equivalents	$ -	$ 510,581	$ -	$ -	$ -
1240	Due from other governments	-	104,748	-	-	-
1300	Inventories	-	22,337	-	-	-
1000	**TOTAL ASSETS**	$ -	$ 637,666	$ -	$ -	$ -
	LIABILITIES					
2110	Accounts payable	$ -	$ 62,640	$ -	$ -	$ -
2160	Accrued wages payable	-	33,473	-	-	-
2170	Due to other funds	-	-	-	-	-
2000	Total liabilities	-	96,113	-	-	-
	DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenue - grants	-	-	-	-	-
	Total deferred inflows of resources	-	-	-	-	-
	FUND BALANCES					
3450	Restricted - grant funds	-	541,553	-	-	-
3600	Unassigned	-	-	-	-	-
3000	Total fund balances	-	541,553	-	-	-
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ -	$ 637,666	$ -	$ -	$ -

270	276	277	289	410	429	
Title VI, Part B, Subpart 2 - Rural & Low-Income Program	Instructional Continuity Grant	Governor's Emergency Education Relief Funds - CARES ACT	Federally Funded Special Revenue Funds	State Textbook Fund	State Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-1)
$ -	$ -	$ -	$ -	$ 4,847	$ -	$ 515,428
-	-	-	-	54,557	29,288	188,593
-	-	-	-	-	-	22,337
$ -	$ -	$ -	$ -	$ 59,404	$ 29,288	$ 726,358
$ -	$ -	$ -	$ -	$ -	$ 14,644	$ 77,284
-	-	-	-	-	-	33,473
-	-	-	-	59,404	14,644	74,048
-	-	-	-	59,404	29,288	184,805
-	-	-	-	34,769	-	34,769
-	-	-	-	34,769	-	34,769
-	-	-	-	-	-	541,553
-	-	-	-	(34,769)	-	(34,769)
-	-	-	-	(34,769)	-	506,784
$ -	$ -	$ -	$ -	$ 59,404	$ 29,288	$ 726,358

Tarkington Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Special Revenue Funds
For the Fiscal Year Ended August 31, 2021

Data Control Codes		211 Title I, Part A - Improving Basic Programs	240 National School Breakfast and Lunch Program	244 Career and Technical Basic Grant	255 Title II, Part A, Supporting Effective Instruction	266 Elementary and Secondary School Emergency Relief Funds - CARES ACT
	REVENUES					
5700	Local and intermediate sources	$ -	$ 285,573	$ -	$ -	$ -
5800	State program revenues	-	65,952	-	-	-
5900	Federal program revenues	707,110	1,108,523	29,936	120,016	11,165
5020	Total revenues	707,110	1,460,048	29,936	120,016	11,165
	EXPENDITURES					
	Current:					
0011	Instruction	659,419	-	29,636	103,638	-
0012	Instructional resources and media services	4,124	-	-	5,728	-
0013	Curriculum and instructional staff development	36,176	-	300	8,150	-
0021	Instructional leadership	674	-	-	-	-
0023	School leadership	4,047	-	-	-	-
0031	Guidance, counseling, and evaluation services	2,576	-	-	-	-
0033	Health services	-	-	-	-	-
0034	Student transportation	-	-	-	-	-
0035	Food services	-	1,259,818	-	-	-
0036	Extracurricular activities	-	-	-	-	-
0041	General administration	94	-	-	2,500	-
0051	Plant maintenance and operations	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-
0053	Data processing services	-	-	-	-	11,165
0061	Community services	-	-	-	-	-
6030	Total expenditures	707,110	1,259,818	29,936	120,016	11,165
1200	Net change in fund balances	-	200,230	-	-	-
0100	Fund balances - beginning	-	341,323	-	-	-
3000	**FUND BALANCES - ENDING**	$ -	$ 541,553	$ -	$ -	$ -

270	276	277	289	410	429	
Title VI, Part B, Subpart 2 - Rural & Low-Income Program	**Instructional Continuity Grant**	**Governor's Emergency Education Relief Funds - CARES ACT**	**Federally Funded Special Revenue Funds**	**State Textbook Fund**	**State Funded Special Revenue Funds**	**Total Nonmajor Funds (See Exhibit C-2)**
$ -	$ -	$ -	$ -	$ -	$ -	$ 285,573
-	-	-	-	19,788	29,288	115,028
60,331	7,500	114,100	36,535	-	-	2,195,216
60,331	7,500	114,100	36,535	19,788	29,288	2,595,817
49,032	7,500	114,100	33,624	54,557	-	1,051,506
3,950	-	-	1,000	-	-	14,802
7,349	-	-	-	-	-	51,975
-	-	-	-	-	-	674
-	-	-	-	-	-	4,047
-	-	-	-	-	-	2,576
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,259,818
-	-	-	-	-	-	-
-	-	-	1,911	-	-	4,505
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	29,288	40,453
-	-	-	-	-	-	-
60,331	7,500	114,100	36,535	54,557	29,288	2,430,356
-	-	-	-	(34,769)	-	165,461
-	-	-	-	-	-	341,323
$ -	$ -	$ -	$ -	$ (34,769)	$ -	$ 506,784

Tarkington Independent School District

Schedule of Delinquent Taxes Receivable
For the Fiscal Year Ended August 31, 2021

Year Ended August 31,	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes
2012 and Prior Years	$ Various	$ Various	$ Various
2013	1.040	0.1362	400,225,302
2014	1.040	0.1175	397,813,218
2015	1.040	0.1150	423,795,671
2016	1.040	0.1175	442,856,760
2017	1.040	0.1175	473,544,104
2018	1.040	0.1100	536,392,870
2019	1.150	0.0000	568,384,000
2020	0.970	0.1283	647,140,308
2021	0.875	0.1100	751,160,101
1000 TOTALS			

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

Exhibit J-1

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
$ 1,070,527	$ -	$ 41,195	$ 5,944	$ (86,898)	$ 936,490
154,636	-	7,992	1,047	(352)	145,245
155,516	-	8,626	974	(259)	145,657
164,849	-	13,296	1,471	739	150,821
190,860	-	14,830	1,675	710	175,065
198,713	-	26,136	2,953	1,729	171,353
303,985	-	39,635	4,194	1,932	262,088
402,689	-	77,480	-	(204)	325,005
654,989	-	201,820	26,690	(1,270)	425,209
-	7,398,927	6,069,495	763,284	(18,045)	548,103
$ 3,296,764	$ 7,398,927	$ 6,500,505	$ 808,232	$ (101,918)	$ 3,285,036
		$ -	$ -		

Tarkington Independent School District **Exhibit J-2**

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
National School Breakfast and Lunch Program
For the Fiscal Year Ended August 31, 2021

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 488,000	$ 267,455	$ 285,573	$ 18,118
5800	State program revenues	39,500	60,476	65,952	5,476
5900	Federal program revenues	717,500	1,021,447	1,108,523	87,076
5020	Total revenues	1,245,000	1,349,378	1,460,048	110,670
	EXPENDITURES				
	Current:				
0035	Food services	1,245,000	1,300,200	1,259,818	40,382
6030	Total expenditures	1,245,000	1,300,200	1,259,818	40,382
1200	Net change in fund balance	-	49,178	200,230	151,052
0100	Fund balance - beginning	341,323	341,323	341,323	-
3000	**FUND BALANCE - ENDING**	$ 341,323	$ 390,501	$ 541,553	$ 151,052

Tarkington Independent School District **Exhibit J-3**

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
For the Fiscal Year Ended August 31, 2021

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 738,738	$ 841,522	$ 847,813	$ 6,291
5800	State program revenues	-	19,215	17,138	(2,077)
5020	Total revenues	738,738	860,737	864,951	4,214
	EXPENDITURES				
	Current:				
0041	General administration	1,300	1,300	1,300	-
	Debt Service:				
0071	Principal on long-term debt	767,438	500,000	500,000	-
0072	Interest on long-term debt	-	175,985	175,985	-
0073	Issuance costs and fees	-	154,000	153,413	587
6030	Total expenditures	768,738	831,285	830,698	587
1100	Excess (deficiency) of revenues over (under) expenditures	(30,000)	29,452	34,253	4,801
	OTHER FINANCING SOURCES (USES)				
7911	Issuance of refunding bonds	-	-	7,295,000	7,295,000
7916	Premium on issuance of bonds	-	-	405,069	405,069
8949	Other uses	-	-	(7,542,634)	(7,542,634)
7080	Total other financing sources (uses)	-	-	157,435	157,435
1200	Net change in fund balance	(30,000)	29,452	191,688	162,236
0100	Fund balance - beginning	460,845	460,845	460,845	-
3000	**FUND BALANCE - ENDING**	$ 430,845	$ 490,297	$ 652,533	$ 162,236

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Overall Compliance, Internal Control Section and Federal Awards

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

To the Board of Trustees of
Tarkington Independent School District
Cleveland, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tarkington Independent School District (the District) as of and for the fiscal year ended August 31, 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 January 10, 2022.

Internal Control over Financial Reporting

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

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

The Board of Trustees of
Tarkington Independent School District

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 10, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Trustees of
Tarkington Independent School District
Cleveland, Texas

Report on Compliance for Each Major Federal Program

We have audited Tarkington Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended August 31, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

The Board of Trustees of
Tarkington Independent School District

Report on Internal Control over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 10, 2022

Tarkington Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2021

Section 1. Summary of Auditor's Results

Financial Statements

1.	Type of auditor's report issued	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3.	Noncompliance material to the financial statements noted?	No

Federal Awards

4.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5.	Type of auditor's report issued on compliance with major programs	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
7.	Identification major programs	Child Nutrition Cluster - 10.553 and 10.555 COVID-19 – Education Stabilization Fund – 84.425D and 84.425U
8.	Dollar threshold used to distinguish between Type A and Type B federal programs	$750,000
9.	Auditee qualified as a low-risk auditee?	Yes

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

Tarkington Independent School District
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended August 31, 2021

Prior Year Findings

None reported

Tarkington Independent School District

Exhibit K-1

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2021

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Passed Through Liberty County, TX:			
National Wildlife Refuge Fund	15.659	N/A	$ 6,913
TOTAL U.S. DEPARTMENT OF THE INTERIOR			6,913
U.S. DEPARTMENT OF EDUCATION			
Passed through State Department of Education			
Title I, Part A - Improving Basic Programs	84.010A	20610101146907	62,649
Title I, Part A - Improving Basic Programs	84.010A	21610101146907	537,766
Title I, 1003 School Improvement	84.010A	21610141146907	106,695
Total Assistance Listing Number 84.010A			707,110
Career and Technical - Basic Grant	84.048A	21420006146907	29,936
Title V, Part B, Subpart 2, Rural and Low-Income School	84.358B	20696001146907	25,715
Title V, Part B, Subpart 2, Rural and Low-Income School	84.358B	21696001146907	34,616
Total Assistance Listing Number 84.358B			60,331
Title II Part A Teacher Training	84.367A	20694501146907	34,472
Title II Part A Teacher Training	84.367A	21694501146907	85,544
Total Assistance Listing Number 84.367A			120,016
Instructional Continuity Grant	84.377A	17610740146907	7,500
Title IV, Part A, Subpart 1	84.424A	21680101146907	34,624
COVID-19 - Education Stabilization Fund (ESSER Grant)	84.425D	20521001146907	11,165
COVID-19 - Education Stabilization Fund (ARP ESSER III)	84.425U	21528001146907	1,268,988
Total Assistance Listing Number 84.425			1,280,153
Texas Hurricane Homeless Youth	84.938B	19513701146907	1,911
TOTAL U.S. DEPARTMENT OF EDUCATION			2,241,581
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Education - Cash Assistance:			
School Breakfast Program	10.553	71402001	25,072
School Breakfast Program	10.553	71402101	24,043
COVID-19 - School Breakfast Program	10.553	71402101	223,370
Total Assistance Listing Number 10.553			272,485
Passed through State Department of Agriculture			
COVID-19 - School Programs Emergency Operational Costs Reimbursement Program	10.555	806780706	69,240
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	806780706	84,664
Passed Through State Department of Education - Cash Assistance:			
National School Lunch Program	10.555	71302001	58,262
National School Lunch Program	10.555	71302101	53,922
COVID-19 - National School Lunch Program	10.555	71302101	569,951
Total Assistance Listing Number 10.555			836,039
Total Child Nutrition Cluster			1,108,524
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,108,524
U.S. DEPARTMENT OF TREASURY			
Passed Through Education Service Center Region 4 - Non Cash Assistance:			
COVID-19 - Remote Learning Operation Connectivity	21.019	205220017110001	114,100
TOTAL U.S. DEPARTMENT OF TREASURY			114,100
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,471,118

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Tarkington Independent School District

Notes to Schedule of Expenditures of Federal Awards

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tarkington Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2. De Minimis Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-2 of the annual financial report:

Total expenditures of federal awards per Exhibit K-1	$	3,471,118
General fund - federal revenue:		
E-rate		1,923
MAC		18,205
School Health and Related Services (SHARS)		497,521
Total federal revenues per Exhibit C-2	$	3,988,767

Note 4. COVID-19 – Education Stabilization Fund

The accompanying schedule of expenditures of federal awards includes $641,184 of expenditures that were incurred in a prior fiscal year.

Tarkington Independent School District **Exhibit L-1**

Schedule of Required Responses to
Selected School FIRST Indicators (Unaudited)
For the Fiscal Year Ended August 31, 2021

Data Codes		Responses
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 at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	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 that were in effect at the school district's 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.	$ 406,171