

**PITTSBURG
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2021

PITTSBURG INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

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CERTIFICATE OF BOARD

Pittsburg Independent School District
Name of School District

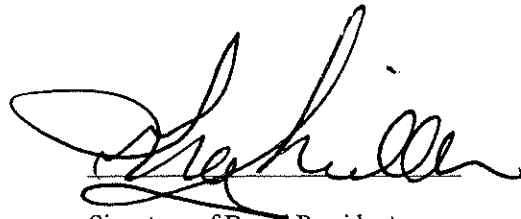
Camp
County

032-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved _____ disapproved for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 15 day of November, 2021.



Signature of Board Secretary



Signature of Board President

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



INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's 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, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability and contributions to TRS and net OPEB liability and contributions to OPEB on pages 4 through 12 and pages 50 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements, 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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 combining and individual non-major fund financial statements 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 Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. The information is in Exhibits identified in the Table of Contents as J-1, J-2, J-3 & J-4. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.
October 6, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the PITTSBURG Independent School District we offer readers of the PITTSBURG Independent School District's financial statements this narrative overview and analysis of the financial activities of the PITTSBURG Independent School District for the year ended August 31, 2021. The information presented here should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$12.8 million at August 31, 2021. During the year, the District's total revenues exceeded expenses by \$2.1 million as compared to \$1.37 million the prior year. Total expenses of the District were \$27.8 million for the year. Revenues were \$29.9 million. Expenses decreased \$944 thousand. Net pension and OPEB liabilities decreased \$313 thousand as compared to the prior year which increased \$507 thousand. This decreased expense by \$819 thousand. State revenues increased this year by \$536 thousand. Property tax revenue increased \$485 thousand or 5% as tax values increased slightly. Operating grants decreased \$1.36 million. ESSER funds were less this year than last by \$668 thousand. As explained above also the states proportionate share of pension and OPEB benefits decreased by \$819 thousand.

Under accounting standards as per GASB 68, the District's portion of the net pension liability has been recorded on the government-wide statements. The District's portion of this liability and the related deferred outflow and inflow as of August 31, 2021 is a net liability of \$5.25 million which is an increase of \$464 thousand over the prior year.

Under accounting standards as per GASB 75, the District's portion of the net OPEB liability for TRS Care has been recorded in the government-wide statements. The District's portion of this liability and the related deferred outflow and inflow as of August 31, 2021 is a net liability of \$15.86 million which is a decrease of \$717 thousand from the prior year.

The District reported fund balance in the general fund of \$8.74 million at August 31, 2021, which is an increase of approximately \$411 thousand. Expenditures in the general fund increased \$1.7 million. Payroll costs were up \$1 million. Several new positions were added this year. Also, \$635 thousand was spent on property renovations. Total revenue in the general fund was up \$809 thousand or 3.5%. Local revenue was up \$338 thousand mainly due to increased property tax revenue. State revenue was up \$513 thousand or 3.5%.

Approximately \$868 thousand of new fixed assets were added this year. No new debt was obtained this year. \$1.3 million was paid on debt principal.

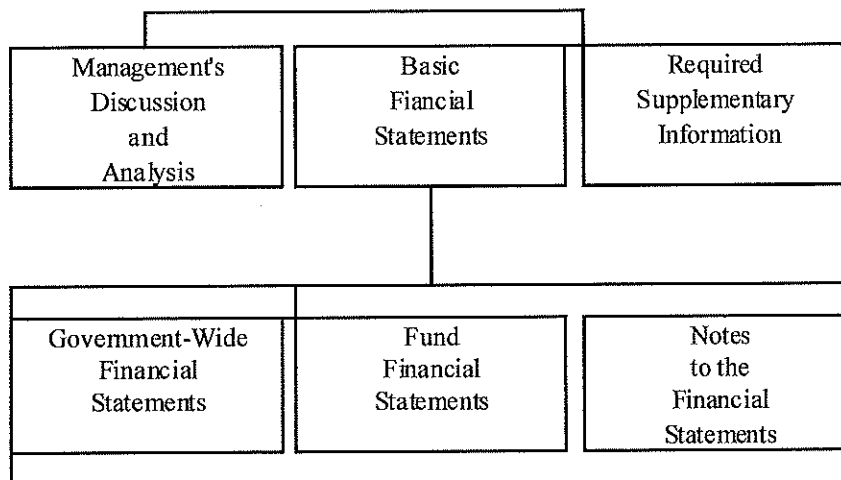
Approximately 97% of the taxes levied for 2020-2021 were collected by fiscal year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



Summary ⇌ Detail

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

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

Figure A-2. Major Features of the District's Government-wide Fund Financial Statements

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

(A) The District has no proprietary funds.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, consideration should be given to additional non-financial factors such as changes in the District's tax base.

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

Fund Financial Statements

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

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

The District has two kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position were approximately \$12.8 million at August 31, 2021.

Table A-1
The District's Net Position
(in thousands of dollars)

	Governmental Activities	
	2021	2020
Current and other assets	12,491	11,713
Capital and non-current assets	39,398	39,910
TOTAL ASSETS	51,889	51,623
Deferred resource outflow related to TRS	2,535	3,318
Deferred resource outflow related to TRS OPEB	1,174	1,156
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,709	4,474
Long-term liabilities	31,169	34,737
Other liabilities	986	1,223
TOTAL LIABILITIES	32,155	35,960
Unavailable revenue-property taxes	147	147
Deferred resource inflow related to TRS	1,618	1,618
Deferred resource inflow related to TRS OPEB	8,865	7,680
TOTAL DEFERRED INFLOWS OF RESOURCES	10,630	9,445
Net position		
Invested in capital assets		
net of related debt	22,570	21,776
Restricted	2,105	1,547
Unrestricted	(11,862)	(12,631)
TOTAL NET POSITION	12,813	10,692

Net investment in capital assets reflects the book value of the District's capital assets in excess of the debt which financed those assets. Recording the OPEB liability, and the pension liability and deferred outflows and inflows related to them decreases unrestricted net position by \$15.86 million and \$5.25 million respectively.

The \$2.1 million is restricted as follows:

Restricted for federal & state programs	599
Restricted for capital projects	-
Restricted for debt service	1,506
	<u>2,105</u>

Net position of the District's governmental activities increased \$2.1 million. The increase was the result of several factors. First, the increase of governmental fund balances was \$969 thousand. Second, the District paid \$1.3 million principal on long-term debt and acquired capital assets through purchase or construction of approximately \$868 thousand. Third, the District recorded depreciation of \$1.38 million. The net pension liability increased \$404 thousand. The net OPEB liability decreased \$717 thousand.

Changes in net position.

The District's total revenues were \$30 million.

The total cost of all programs was \$27.8 million.

Net position increased by \$2.1 million from the excess of revenues over expenses. Reasons for these differences are described on page 4.

Table A-2
The District's Changes in Net Position
(in thousands of dollars)

	Governmental Activities	
	2021	2020
Revenues		
<u>Program Revenues</u>		
Charges for Services	183	152
Operating Grants and Contributions	5,243	6,603
<u>General Revenues</u>		
Property Taxes	10,222	9,688
State aid - formula	13,953	13,417
Investment earnings	44	122
Other	306	168
Total Revenues	<u>29,951</u>	<u>30,150</u>
Expenses		
Instruction and instructional related	15,988	16,884
Instructional leadership/school administration	2,297	2,340
Guidance, social work, health, transportation	1,879	1,771
Food services	1,446	1,766
Extracurricular activities	1,288	1,088
General Administration	900	1,025
Plant maintenance and security	2,882	2,992
Data processing services	470	185
Debt service	471	506
Facilities Acquisition & construction	10	-
Other governmental charges	199	217
Total Expenses	<u>27,830</u>	<u>28,774</u>
Increase (Decrease) in Net Position	2,121	1,376
Beginning Net Position	10,692	9,362
Prior period adjustment	-	(46)
Ending Net Position	<u>12,813</u>	<u>10,692</u>

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

- The cost of all *governmental* activities this year was \$27.8 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$10.2 million.
- Some of the cost was paid by those who directly benefited from the programs \$183 thousand, and state aid of \$13.9 million.

Table A-3
Net Cost of Selected District Functions
(in thousands of dollars)

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction	15,988	16,884	13,077	12,773
School administration	2,297	2,340	1,959	1,960
Plant Maintenance & Operations	2,882	2,996	2,722	2,780
Debt Service-Interest & Fiscal Charges	471	506	471	506

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$10.86 million reflecting a net increase of \$969 thousand. The general fund balance increased \$411 thousand.

The general fund revenue increased about 3.5% or \$809 thousand. State revenue increased. Other variances are discussed on page 4.

The food service fund balance is now \$583 thousand, an increase of \$250 thousand. The debt service fund increased \$292 thousand as property tax revenue increased because of higher values.

General Fund Budgetary Highlights

Several budget amendments were made during the year. With these amendments, actual expenditures were less than budgeted by approximately \$976 thousand or 4%. Actual revenues were more than budget by \$511 thousand or 2%. Fund balance increased \$1.4 million more than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table A-4
District's Capital Assets Including Blended Component Unit
(in thousands of dollars)

	Governmental Activities	
	2021	2020
Land	511	511
Buildings and improvements	55,136	54,459
Furniture and equipment	6,184	5,993
Totals at historical cost	61,831	60,963
Total accumulated depreciation	(22,433)	(21,053)
Net capital assets	39,398	39,910

The District added a bus and renovated some parking lots and the track.

Long-Term Debt

Table A-5
District's Long-Term Debt Including Blended Component Unit
(in thousands of dollars)

	Governmental	
	2021	2020
Bonds payable	16,828	18,059
Notes payable	-	75
Total bonds and notes payable	16,828	18,134

No new debt was obtained this year. Principal payments of \$1.3 million were made this year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The district's elected and appointed officials considered many factors when setting the fiscal year 2022 budget and tax rates. Three of those factors were the COVID-19 and the economy and the population of Camp County. In 2019, Camp County, TX had a population of 13,094 people with a median age of 36.8 and a median household income of \$42,604. As of July 2019, the population of Camp County, TX grew from 12,670 to 13,094, a 0.032% increase and its median household income grew from \$41,811 to \$42,604, a 0.018% increase. The population of Camp County, TX is 78.6% White Alone, 25.9% Hispanic or Latino, and 16.5% Black or African American Alone. The median property value in Camp County, TX is \$87,500, and the homeownership rate is 71.7%. Camp County, TX borders Wood County, TX, Upshur County, TX, Titus County, TX, Morris County, TX, and Franklin County, TX. The economy of Camp County, TX employs 5.27k people. The largest industries in Camp County, TX are Manufacturing (912 people), Retail Trade (838 people), and Health Care & Social Assistance (575 people), and the highest paying industries are Utilities (\$85,755), Mining, Quarrying, & Oil & Gas Extraction (\$78,523), and Transportation & Warehousing, & Utilities (\$60,536). Males in Texas have an average income that is 1.41 times higher than the average income of females, which is \$45,959. The income inequality in Camp County, TX (measured using the Gini index) is 0.482, which is higher than the national average.

The enrollment of students at the district was 2302 on the first day of school for the 2021-22 school year and 2237 on the first day of school for the 2020-21 school year which gives an estimated increase of sixty-five students for the 2021-22 school year as of August 2021. As of September 2021, enrollment was 2387 which indicates an increasing enrollment. Due to COVID-19, the student attendance fluctuates monthly. The board of trustees monitors the enrollment on a monthly basis.

The tax rate for the 2021-22 school year was set by the board of trustees at \$0.8878 for maintenance operations plus \$0.20 for debt service resulting in a total tax rate of \$1.0878 per \$100 of valuation which decreased from the previous year due to HB3. The total taxable value as reported by the Camp Central Appraisal District increased by \$84.2M giving a total taxable value of \$987,482,010. The total appraised value of all property increased by \$108.2M giving a total appraised value of \$1,648,013,844. The average taxable values of residences increased 6% from \$102,322 to \$108,524. Taxes due on an average residence for the 2021-22 school year will amount to \$1,180 which is a increase of approximately \$10.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the PITTSBURG Independent School 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 directed to the District's Central Business Office.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 10,571,494
1210 Property Taxes - Current	1,314,940
1230 Allowance for Uncollectible Taxes	(657,470)
1240 Due from Other Governments	1,229,793
1260 Internal Balances	32,000
Capital Assets:	
1510 Land	510,557
1520 Buildings, Net	37,599,229
1530 Furniture and Equipment, Net	1,288,544
1000 Total Assets	51,889,087
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	2,534,735
1706 Deferred Outflow Related to TRS OPEB	1,173,867
1700 Total Deferred Outflows of Resources	3,708,602
LIABILITIES	
2110 Accounts Payable	31,477
2160 Accrued Wages Payable	931,485
2200 Accrued Expenses	19,522
2300 Unearned Revenue	3,784
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,130,859
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	15,697,279
2540 Net Pension Liability (District's Share)	6,168,717
2545 Net OPEB Liability (District's Share)	8,171,869
2000 Total Liabilities	32,154,992
DEFERRED INFLOWS OF RESOURCES	
2601 Unavailable Revenue - Property Taxes	146,885
2605 Deferred Inflow Related to TRS Pension	1,618,285
2606 Deferred Inflow Related to TRS OPEB	8,865,044
2600 Total Deferred Inflows of Resources	10,630,214
NET POSITION	
3200 Net Investment in Capital Assets	22,570,192
Restricted:	
3820 Restricted for Federal and State Programs	583,546
3850 Restricted for Debt Service	1,506,116
3890 Restricted for Other Purposes	15,037
3900 Unrestricted	(11,862,408)
3000 Total Net Position	\$ 12,812,483

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

FOR THE YEAR ENDED AUGUST 31, 2021					Net (Expense) Revenue and Changes in Net Position
Data		Program Revenues			
Control	1	3	4	6	
Codes			Operating	Primary Gov.	
	Expenses	Charges for	Grants and	Governmental	
		Services	Contributions	Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 15,536,160	\$ -	\$ 2,879,708	\$ (12,656,452)
12	Instructional Resources and Media Services	335,289	-	15,734	(319,555)
13	Curriculum and Instructional Staff Development	117,158	-	15,734	(101,424)
21	Instructional Leadership	173,763	-	64,752	(109,011)
23	School Leadership	2,123,434	-	273,477	(1,849,957)
31	Guidance, Counseling, and Evaluation Services	421,641	-	144,367	(277,274)
32	Social Work Services	1,323	-	-	(1,323)
33	Health Services	234,780	-	15,734	(219,046)
34	Student (Pupil) Transportation	1,220,921	-	61,413	(1,159,508)
35	Food Services	1,445,705	76,561	1,494,288	125,144
36	Extracurricular Activities	1,288,436	85,087	47,203	(1,156,146)
41	General Administration	899,987	-	46,447	(853,540)
51	Facilities Maintenance and Operations	2,432,084	21,547	107,934	(2,302,603)
52	Security and Monitoring Services	449,746	-	30,706	(419,040)
53	Data Processing Services	469,860	-	23,157	(446,703)
72	Debt Service - Interest on Long-Term Debt	467,095	-	-	(467,095)
73	Debt Service - Bond Issuance Cost and Fees	4,000	-	-	(4,000)
81	Capital Outlay	10,498	-	22,585	12,087
99	Other Intergovernmental Charges	198,949	-	-	(198,949)
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 27,830,829	\$ 183,195	\$ 5,243,239	(22,404,395)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		8,436,071
DT	Property Taxes, Levied for Debt Service		1,785,369
SF	State Aid - Formula Grants		13,953,908
IE	Investment Earnings		44,057
MI	Miscellaneous Local and Intermediate Revenue		305,781
TR	Total General Revenues		24,525,186
CN	Change in Net Position		2,120,791
NB	Net Position - Beginning		10,691,692
NE	Net Position - Ending		\$ 12,812,483

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

PITTSBURG INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 8,594,283	\$ 1,506,116	\$ 470,705	\$ 10,571,104
1210 Property Taxes - Current	1,091,400	223,540	-	1,314,940
1230 Allowance for Uncollectible Taxes	(545,700)	(111,770)	-	(657,470)
1240 Due from Other Governments	1,109,745	-	120,048	1,229,793
1260 Due from Other Funds	32,000	-	-	32,000
1000 Total Assets	<u>\$ 10,281,728</u>	<u>\$ 1,617,886</u>	<u>\$ 590,753</u>	<u>\$ 12,490,367</u>
LIABILITIES				
2110 Accounts Payable	\$ 43,091	\$ -	\$ (11,614)	\$ 31,477
2160 Accrued Wages Payable	931,485	-	-	931,485
2200 Accrued Expenditures	19,522	-	-	19,522
2300 Unearned Revenue	-	-	3,784	3,784
2000 Total Liabilities	<u>994,098</u>	<u>-</u>	<u>(7,830)</u>	<u>986,268</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	545,700	111,770	-	657,470
2600 Total Deferred Inflows of Resources	<u>545,700</u>	<u>111,770</u>	<u>-</u>	<u>657,470</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	583,546	583,546
3480 Retirement of Long-Term Debt	-	1,506,116	-	1,506,116
3490 Other Restricted Fund Balance	-	-	15,037	15,037
Committed Fund Balance:				
3510 Construction	315,527	-	-	315,527
3540 Self Insurance	2,589	-	-	2,589
3600 Unassigned Fund Balance	8,423,814	-	-	8,423,814
3000 Total Fund Balances	<u>8,741,930</u>	<u>1,506,116</u>	<u>598,583</u>	<u>10,846,629</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,281,728</u>	<u>\$ 1,617,886</u>	<u>\$ 590,753</u>	<u>\$ 12,490,367</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 10,846,629
1 The District has a blended component unit. The beginning fund balance/ net position is not included in the governmental funds.	387
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$60,962,874 and the accumulated depreciation was (\$21,053,166). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. Note: Beginning Balances related to TRS are NOT included in this amount.	21,775,711
3 Current year capital outlays and debt principal are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to decrease net position.	2,128,419
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$3,318,245, a Deferred Resource Inflow in the amount of \$1,618,151, and a net pension liability in the amount of \$6,548,237. The impact of this on Net Position is \$(4,848,143). Changes in the plan reported by TRS for this measurement period resulted in a decrease in net position in the amount of \$(404,124). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$(5,252,267).	(5,252,267)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to the OPEB liability was a Deferred Resource Outflow in the amount of \$1,155,388, a Deferred Resource Inflow in the amount of \$7,680,109 and a net OPEB liability in the amount of \$10,055,036. The impact of this on Net Position is \$(16,579,757). Changes in the OPEB reported by TRS for this measurement period resulted in an increase in net position in the amount of \$716,711. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$(15,863,046).	(15,863,046)
6 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,379,797)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	556,447
19 Net Position of Governmental Activities	\$ 12,812,483

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 8,808,716	\$ 1,806,350	\$ 114,872	\$ 10,729,938
5800 State Program Revenues	15,151,392	61,238	131,971	15,344,601
5900 Federal Program Revenues	168,879	-	3,268,479	3,437,358
5020 Total Revenues	24,128,987	1,867,588	3,515,322	29,511,897
EXPENDITURES:				
Current:				
0011 Instruction	12,952,784	-	1,689,674	14,642,458
0012 Instructional Resources and Media Services	308,466	-	-	308,466
0013 Curriculum and Instructional Staff Development	116,336	-	-	116,336
0021 Instructional Leadership	109,011	-	64,752	173,763
0023 School Leadership	2,009,888	-	101,922	2,111,810
0031 Guidance, Counseling, and Evaluation Services	296,255	-	127,128	423,383
0032 Social Work Services	1,323	-	-	1,323
0033 Health Services	233,958	-	-	233,958
0034 Student (Pupil) Transportation	1,073,875	-	-	1,073,875
0035 Food Services	33,336	-	1,311,896	1,345,232
0036 Extracurricular Activities	1,169,978	-	-	1,169,978
0041 General Administration	885,184	-	-	885,184
0051 Facilities Maintenance and Operations	2,630,474	-	-	2,630,474
0052 Security and Monitoring Services	446,817	-	-	446,817
0053 Data Processing Services	461,619	-	7,419	469,038
Debt Service:				
0071 Principal on Long-Term Debt	75,000	1,065,000	-	1,140,000
0072 Interest on Long-Term Debt	2,216	507,325	-	509,541
0073 Bond Issuance Cost and Fees	-	4,000	-	4,000
Capital Outlay:				
0081 Facilities Acquisition and Construction	635,780	-	22,585	658,365
Intergovernmental:				
0099 Other Intergovernmental Charges	198,949	-	-	198,949
6030 Total Expenditures	23,641,249	1,576,325	3,325,376	28,542,950
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	487,738	291,263	189,946	968,947
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	76,301	76,301
8911 Transfers Out (Use)	(76,301)	-	-	(76,301)
7080 Total Other Financing Sources (Uses)	(76,301)	-	76,301	-
1200 Net Change in Fund Balances	411,437	291,263	266,247	968,947
0100 Fund Balance - September 1 (Beginning)	8,330,493	1,214,853	332,336	9,877,682
3000 Fund Balance - August 31 (Ending)	\$ 8,741,930	\$ 1,506,116	\$ 598,583	\$ 10,846,629

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 968,947
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase net position.	2,128,419
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(1,379,797)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	90,635
Current year changes due to GASB 68 resulted in a net effect on the change in the ending net position as a decrease in the amount of \$(404,124)	(404,124)
Current year changes due to GASB 75 resulted in a net effect on the change in the ending net position as an increase in the amount of \$716,711	716,711
Change in Net Position of Governmental Activities	\$ 2,120,791

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 8,457,701	\$ 8,461,201	\$ 8,808,716	\$ 347,515
5800 State Program Revenues	14,965,849	14,986,319	15,151,392	165,073
5900 Federal Program Revenues	170,000	170,000	168,879	(1,121)
5020 Total Revenues	23,593,550	23,617,520	24,128,987	511,467
EXPENDITURES:				
Current:				
0011 Instruction	13,352,489	13,013,216	12,952,784	60,432
0012 Instructional Resources and Media Services	312,284	312,284	308,466	3,818
0013 Curriculum and Instructional Staff Development	116,155	116,337	116,336	1
0021 Instructional Leadership	108,570	109,011	109,011	-
0023 School Leadership	1,999,946	2,009,888	2,009,888	-
0031 Guidance, Counseling, and Evaluation Services	300,794	296,255	296,255	-
0032 Social Work Services	3,000	3,000	1,323	1,677
0033 Health Services	238,693	238,693	233,958	4,735
0034 Student (Pupil) Transportation	1,044,995	1,410,369	1,073,875	336,494
0035 Food Services	31,054	33,336	33,336	-
0036 Extracurricular Activities	1,176,594	1,296,162	1,169,978	126,184
0041 General Administration	928,291	928,291	885,184	43,107
0051 Facilities Maintenance and Operations	2,863,068	2,849,176	2,630,474	218,702
0052 Security and Monitoring Services	466,927	481,102	446,817	34,285
0053 Data Processing Services	340,474	494,544	461,619	32,925
Debt Service:				
0071 Principal on Long-Term Debt	75,000	75,000	75,000	-
0072 Interest on Long-Term Debt	2,216	2,216	2,216	-
0073 Bond Issuance Cost and Fees	3,000	3,000	-	3,000
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	715,639	635,780	79,859
Intergovernmental:				
0099 Other Intergovernmental Charges	230,000	230,000	198,949	31,051
6030 Total Expenditures	23,593,550	24,617,519	23,641,249	976,270
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(999,999)	487,738	1,487,737
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	(76,301)	(76,301)
1200 Net Change in Fund Balances	-	(999,999)	411,437	1,411,436
0100 Fund Balance - September 1 (Beginning)	8,330,493	8,330,493	8,330,493	-
3000 Fund Balance - August 31 (Ending)	\$ 8,330,493	\$ 7,330,494	\$ 8,741,930	\$ 1,411,436

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 197,283
Total Assets	<u>197,283</u>
LIABILITIES	
Due to Other Funds	<u>32,000</u>
Total Liabilities	<u>32,000</u>
NET POSITION	
Restricted for Other Purposes	<u>165,283</u>
Total Net Position	<u>\$ 165,283</u>

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

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

	Total Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 230,009
Earnings from Temporary Deposits	869
Contributions, Gifts and Donations	23,390
Total Additions	<u>254,268</u>
DEDUCTIONS:	
Supplies and Materials	227,790
Other Deductions	70,992
Total Deductions	<u>298,782</u>
Change in Fiduciary Net Position	(44,514)
Total Net Position - September 1 (Beginning)	-
Prior Period Adjustment	<u>209,797</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 165,283</u></u>

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PITTSBURG INDEPENDENT SCHOOL DISTRICT (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District's investments are accounted for using the cost amortization method.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There is a Public Facility Corporation that is a blended component unit. The PFC was created to obtain financing to construct a new Cafetorium.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the PITTSBURG INDEPENDENT SCHOOL DISTRICT and its component unit's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other inter-governmental revenues.

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

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues and expenditures.

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Funds** -- The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

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

Fiduciary Funds:

1. **Custodial Fund** - The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting the detail of additions to and deductions from custodial funds causing a change in the fund net position whereas these details were not reported for agency funds. This change is a result of the implementation of GASB 84. The District's Custodial Fund is made up of student group funds.

E. OTHER ACCOUNTING POLICIES

1. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
2. Capital assets, which include land, buildings, furniture and equipment is reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-50
Vehicles	10
Office Equipment	10
Computer Equipment	5

3. Some cash and investments are restricted for future debt payments.
4. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent tentative management plans that are subject to change.
5. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.
7. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.
8. Investments are carried at fair value.
9. Fund balance measures the net financial resources available to finance expenditures of future periods.

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the Board of Trustees.

Fund balance of the District may be committed for a specific source by formal action of the Pittsburg ISD Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Pittsburg ISD Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

10. Deferred Outflows/Inflows of Resources—The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended August 31, 2013. The District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions for the year ended August 31, 2015. The District implemented GASB Statement No. 75 Accounting and Financial Reporting for Other Post-Employment Benefits for the year ended August 31, 2018. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three types of items that qualify for reporting in this category, deferred charge for refunding bonded indebtedness and deferred outflows related to TRS as per GASB 68 related to pension accounting, and related to TRS OPEB related to TRS Care. These will be recognized as an outflow of resources in the subsequent years as they are amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category, property taxes and deferred inflows related to TRS, and related to TRS Care. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Position</u>
District				
Land	510,557	-	510,557	
Buildings & Improvements	53,091,537	(16,030,215)	37,061,322	
Furniture & Equipment	5,993,051	(4,557,926)	1,435,125	
Construction in Progress	-	-	-	
Public Facility Corporation				
Buildings	1,367,729	(465,025)	902,704	
Change in Net Position	60,962,874	(21,053,166)		39,909,708

<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>	<u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
District		
Bonds Payable	17,938,997	
Loans Payable	75,000	
Public Facility Corporation	.	
Bonds Payable	<u>120,000</u>	
		<u>18,133,997</u>
Net Adjustment to Net Position		<u><u>21,775,711</u></u>

Another element of the reconciliation is the Public Facility Corporation, a blended component unit. Balances at the beginning of the year other than the fixed assets and debt from above are:

Cash	388
Due to District	<u>(1)</u>
Net adjustment to net position	<u><u>387</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to</u> <u>Changes in Net</u> <u>Position</u>	<u>Adjustments to</u> <u>Net Position</u>
<u>Current year Capital Outlay</u>			
Land	-		
Buildings & Improvements	677,867		
Furniture & Equipment	<u>190,552</u>		
Total Capital Outlay	<u>868,419</u>	<u>868,419</u>	<u>868,419</u>
<u>Debt Principal Payments</u>			
Bond Principal	1,185,000		
Loan Principal	<u>75,000</u>		
Total Principal Payments	<u>1,260,000</u>	<u>1,260,000</u>	<u>1,260,000</u>
Total Adjustment to Net Position		<u><u>2,128,419</u></u>	<u><u>2,128,419</u></u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	230,471	(230,471)	-
Uncollected taxes (assumed collectible) from Current Year Levy	261,608	261,608	261,608
Uncollected Taxes (assumed collectible) from Prior Year Levy	248,979	-	248,979
Effect of prior year tax entries	13,638	13,638	-
Recorded net income (loss) from Public Facility Corporation before depreciation	1	1	1
<u>Debt Activity</u>			
Premium amortization	45,859	45,859	45,859
Total		<u>90,635</u>	<u>556,447</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds if they are considered major funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-2 and J-3.

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

1. Prior to August 20 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. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2021
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	583,546
Nonappropriated Budget Funds	<u>15,037</u>
All Special Revenue Funds	<u><u>598,583</u></u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not allowing foreign currency investments.

As of August 31, 2021, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash, Money Markets and FDIC Insured Accounts	\$ 10,768,777	100.0%	\$ 10,768,777	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 10,768,777</u>	<u>100%</u>	<u>\$ 10,768,777</u>	<u>\$ -</u>	<u>\$ -</u>	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- Depository: Pilgrim Bank
- The market value of securities pledged as of the date of the highest combined balance on deposit was \$19,489,659.
- The highest combined balances of cash, savings, and time deposit accounts amounted to \$14,657,319 and occurred during the month of February, 2021.
- Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. PITTSBURG INDEPENDENT SCHOOL DISTRICT is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for PITTSBURG INDEPENDENT SCHOOL DISTRICT are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs).

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires all of the investment portfolio to have maturities of less than one year.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

The District had no investments at August 31, 2021.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2021 consisted of the following individual fund balances:

Due to General Fund from:	
Trust and Agency Funds	32,000
	<u>32,000</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2021, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	1,091,400	1,109,745	32,000	-	2,233,145
Major Debt Service Fund	223,540	-	-	-	223,540
Nonmajor Governmental Funds	-	120,048	-	-	120,048
Total - Governmental Activities	<u>1,314,940</u>	<u>1,229,793</u>	<u>32,000</u>	<u>-</u>	<u>2,576,733</u>
Amounts not scheduled for collection during the subsequent year	<u>657,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657,470</u>

Payables at August 31, 2021, were as follows:

	Accounts	Loans, Leases, and Bonds Payable- Current Year	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental Activities:						
General Fund	43,091	-	951,007	-	-	994,098
Nonmajor Gov. Funds	(11,614)	-	-	-	-	(11,614)
Total - Gov. Activities	<u>31,477</u>	<u>-</u>	<u>951,007</u>	<u>-</u>	<u>-</u>	<u>982,484</u>
Amounts not scheduled for payment during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

F. CAPITAL ASSET ACTIVITY

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental Activities:				
District:				
Land	510,557	-	-	510,557
Buildings and Improvements	53,091,537	677,867	-	53,769,404
Construction in Progress	-	-	-	-
Furniture and Equipment	5,993,051	190,552	-	6,183,603
Public Facility Corporation:				
Building	1,367,729	-	-	1,367,729
Totals at Historic Cost	60,962,874	868,419	-	61,831,293
Less Accumulated Depreciation for:				
Buildings and Improvements	(16,030,215)	(1,015,310)	-	(17,045,525)
Furniture and Equipment	(4,557,926)	(337,133)	-	(4,895,059)
Public Facility Corporation:				
Buildings and Improvements	(465,025)	(27,354)	-	(492,379)
Total Accumulated Depreciation	(21,053,166)	(1,379,797)	-	(22,432,963)
Governmental Activities Capital Assets, Net	39,909,708	(511,378)	-	39,398,330

Depreciation expense was charged to governmental functions as follows:

Instruction	867,405
Instructional Resources & Media Services	26,001
Student (Pupil) Transportation	235,328
Food Services	112,007
Cocurricular/ Extracurricular Activities	115,989
General Administration	11,050
Plant Maintenance and Operations	12,017
Total Depreciation Expense	1,379,797

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected as a long-term liability. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

In accordance with the Public Property Finance Act, as amended Section 271.001, the District entered into a lease purchase contract with a nonprofit corporation, the Pittsburg ISD Public Facility Corporation, to be created pursuant to the provisions of Chapter 303, as amended, Texas Local Government Code, as amended, for the use, purchase or other acquisition and improvement of a new school cafetorium and related facilities. The original issue, \$1,420,000 is dated January 12, 2002 and bears interest of 5.50% principal and interest payments are due February and August each year beginning August 15, 2002 and maturing August 15, 2021. For this report, the Public Facility Corporation is treated as a blended component unit.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2013 were issued in July, 2013 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest ranges from 2.00% to 3.50%. Interest is repaid annually beginning in fiscal year 2015 and principal will begin being repaid in fiscal year 2019 and will continue until maturity in fiscal year 2031.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2016 were issued in August, 2016 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest ranges from 2.00% to 3.00%. Interest is repaid annually beginning in fiscal year 2017 and principal will begin being repaid in fiscal year 2017 and will continue until maturity in fiscal year 2036.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2017 were issued in June, 2017 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest is 3.00%. Interest is repaid annually beginning in fiscal year 2017 and principal will begin being repaid in fiscal year 2018 and will continue until maturity in fiscal year 2031.

G. BONDS PAYABLE (cont'd)

A summary of changes in long-term debt for the year ended August 31, 2021 is as follows:

Description	Interest Rate Payable	Payable		Issued	Retired	Outstanding 8/31/2021
		Amounts Original Issue	Amounts Outstanding 9/1/2020			
Public Facility Bonds	5.55%	1,420,000	120,000	-	(120,000)	-
Unlimited Tax School Building Bonds Series 2013	2.00%-3.50%	9,450,000	8,350,000	-	(645,000)	7,705,000
Unlimited Tax School Building Bonds Series 2016	2.00%-3.00%	9,175,000	7,910,000	-	(325,000)	7,585,000
Unlimited Tax School Building Bonds Series 2017	3.00%	1,485,000	1,220,000	-	(95,000)	1,125,000
Unamortized Premium	Variable	720,741	458,997	-	(45,859)	413,138
			<u>18,058,997</u>	<u>-</u>	<u>(1,230,859)</u>	<u>16,828,138</u>

Debt service requirements are as follows:

Year Ended August 31	General Obligations		Total Requirements
	Principal	Interest	
2022	1,085,000	483,224	1,568,224
2023	1,115,000	455,201	1,570,201
2024	1,150,000	422,874	1,572,874
2025	1,185,000	387,764	1,572,764
2026	1,220,000	351,513	1,571,513
2027-2031	5,780,000	1,210,261	6,990,261
2032-2036	4,880,000	373,550	5,253,550
Total	<u>16,415,000</u>	<u>3,684,387</u>	<u>20,099,387</u>

H. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds					
Public Facility Bonds	120,000	-	(120,000)	-	-
Unlimited Tax Refunding					
Bonds, Series 2013	8,350,000	-	(645,000)	7,705,000	660,000
Unlimited Tax School Building					
Bonds, Series 2016	7,910,000	-	(325,000)	7,585,000	330,000
Unlimited Tax School Building					
Bonds, Series 2017	1,220,000	-	(95,000)	1,125,000	95,000
Unamortized Premium	458,997	-	(45,859)	413,138	45,859
Delinquent tax notes	75,000	-	(75,000)	-	-
Total Governmental Activities	<u>18,133,997</u>	<u>-</u>	<u>(1,305,859)</u>	<u>16,828,138</u>	<u>1,130,859</u>

The District has no unused lines of credit. No assets have been pledged as collateral for debt.

I. DEFINED BENEFIT PENSION PLAN

Plan Description. PITTSBURG INDEPENDENT SCHOOL DISTRICT participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution.

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

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

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

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

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

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity	7.5%	7.5%
TRS		
Employers	7.5%	7.5%
District's 2021 Employer Contributions		\$ 680,315
District's 2021 Member Contributions		\$ 1,281,349
District's 2021 NECE On-Behalf Contributions		\$ 958,967

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate 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 source or a privately sponsored source.

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

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

Actuarial Assumptions.

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

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

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

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Rate	7.25%
Municipal Bond Rate as of August, 2020	2.33% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds 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 Post Employment Benefit Changes	None

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

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

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

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are presented in the Asset Allocations the following table from the TRS Comprehensive Annual Financial Report for 2020, page 53.

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

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$9,512,051	\$6,168,717	\$3,452,330

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, PITTSBURG INDEPENDENT SCHOOL DISTRICT reported a liability of \$6,168,717 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to PITTSBURG INDEPENDENT SCHOOL DISTRICT. The amount recognized by PITTSBURG INDEPENDENT SCHOOL DISTRICT as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with PITTSBURG INDEPENDENT SCHOOL DISTRICT were as follows:

District's proportionate share of the collective net pension liability	\$ 6,168,717
State's proportionate share that is associated with the District	12,447,908
Total	<u>\$ 18,616,625</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0011518% which was a decrease of 8.5% from its proportion measured as of August 31, 2019.

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

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

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

For the year ended August 31, 2021, PITTSBURG INDEPENDENT SCHOOL DISTRICT recognized pension expense of \$680,315 and revenue of \$958,967 for support provided by the State in the Government Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$11,264	\$172,153
Changes in actuarial assumptions	1,431,362	608,605
Net Difference between projected and actual investment earnings	124,881	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	286,913	837,527
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	680,315	-
Total	\$2,534,735	\$1,618,285

Year ended August 31:	Pension Expense Amount
2022	\$ 186,066
2023	159,575
2024	145,385
2025	(169,122)
2026	(162,150)
Thereafter	(23,619)

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

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

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

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

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

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

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

<u>Contribution Rates</u>		
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65
	%	
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's 2021 FY Employer Contributions	\$	124,807
District's 2021 FY Member Contributions	\$	108,164
Measurement Year NECE On-Behalf Contributions	\$	219,554

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

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,147 for FY 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal years 2021.

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

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 Rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% 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.
Projected Salary Increases	3.05% - 9.05%, including inflation

Ad-hoc Post Employment Benefit Changes None

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

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

Sensitivity of the Net OPEB Liability:

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

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the Net OPEB Liability:	\$ 9,806,225	\$ 8,171,869	\$ 6,880,951

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 6,675,369	\$ 8,171,869	\$ 10,164,984

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.
At August 31, 2021, PITTSBURG INDEPENDENT SCHOOL DISTRICT reported a liability of \$8,171,869 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with PITTSBURG INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 8,171,869
State's proportionate share that is associated with the District	<u>10,981,034</u>
Total	<u>\$19,152,903</u>

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

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.00021497% compared to the 0.00021262% as of August 31, 2019. This is a decrease of 1.1%.

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

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

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, PITTSBURG INDEPENDENT SCHOOL DISTRICT recognized OPEB expense of \$124,807 and revenue of \$219,554 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$427,876	\$3,739,865
Changes in actuarial assumptions	504,034	3,244,038
Net Difference between projected and actual investment earnings	2,655	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	131,138	2,881,141
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	108,164	
Total	\$1,173,867	\$8,865,044

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

Year ended August 31:	OPEB Expense Amount
2022	\$ (1,274,317)
2023	(1,274,672)
2024	(1,274,875)
2025	(1,274,821)
2026	(1,056,550)
Thereafter	(1,644,106)

K. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. PITTSBURG INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, www.trs.state.tx.us under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2018, 2019, and 2020. The contribution rate for the district was 0.55% for each of these three years. The contribution rate for active employees was 0.65% of the district payroll for each of the three years. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal problems, the federal programs are required to contribution 1.0 %.

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2021, 2020, and 2019 the subsidy payments received by TRS-Care on-behalf of the District were \$67,646, \$57,862, and \$46,382 respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

L. HEALTH CARE COVERAGE

During the year ended August 31, 2021, employees of the Pittsburg Independent School District were covered by a health insurance plan (the Plan) with TRS ActiveCare. The District contributed \$200 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

Total annual premiums paid by the District for health care premiums 2020-2021 totaled \$614,000. There were no non-medical expenses in this total so this \$614,000 is the total maintenance of effort for 2020-2021.

Maintenance of Effort	
Total District Premium Paid for 2020-2021	614,000
Subtract non-medical expenditures	-
2020-2021 Maintenance of Effort	<u>614,000</u>

Changes in the balances of the claim liabilities during the past year for the workers' compensation plan are as follows:

	Year Ended August 31, 2021	Year Ended August 31, 2020
Unpaid claims, beginning of the year	3,424	7,089
Incurred claims (including IBNR'S)	(665)	(3,242)
Claim Payments	(170)	(423)
Unpaid claims, end of fiscal year	<u>2,589</u>	<u>3,424</u>

M. UNEARNED REVENUE

Unearned revenue at yearend consisted of the following:

	General Fund	Nonmajor Governmental Fund	Total
State Textbook	-	3,784	3,784
Other	-	-	-
Total Unearned Revenue	<u>-</u>	<u>3,784</u>	<u>3,784</u>

N. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>OTHER</u>	<u>TOTAL</u>
General	1,109,745	-	-	1,109,745
Special Revenue	-	120,048	-	120,048
Debt Service	-	-	-	-
Total	<u>1,109,745</u>	<u>120,048</u>	<u>-</u>	<u>1,229,793</u>

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General	Nonmajor Governmental	Major Debt Service	Total
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Property Taxes	8,401,390	-	1,775,275	10,176,665
Penalties, Interest and Other Tax- related Income	155,226	-	25,508	180,734
Investment Income	37,177	1,311	5,567	44,055
Food Sales	-	76,561	-	76,561
Co-curricular	85,087	-	-	85,087
Other	129,836	37,000	-	166,836
Total	<u>8,808,716</u>	<u>114,872</u>	<u>1,806,350</u>	<u>10,729,938</u>

P. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

Q. RISK MANAGEMENT

The District is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

R. COMMITMENTS AND CONTINGENCIES

The District has no significant commitments or contingencies at August 31, 2021.

S. LITIGATION

The District has no pending litigation at August 31, 2021.

T. BLENDED COMPONENT UNIT

The Public Facility Corporation is a blended component unit.

The assets and liabilities for the PFC at August 31, 2021 are:

ASSETS:

Cash	390
Buildings and improvements net of Accumulated depreciation	875,350

LIABILITIES:

Bonds payable	-
---------------	---

The income and expense for the year ended August 31, 2021 is:

INCOME:

Rent income	123,413
Interest income	1

EXPENSES:

Interest expense	3,413
Depreciation	27,354

U. SUBSEQUENT EVENTS

Administration has evaluated subsequent events through October 6, 2021, the financial statement issuance date.

REQUIRED SUPPLEMENTAL INFORMATION

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.000115178%	0.000125969%	0.000138776%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,168,717	\$ 6,548,237	\$ 7,638,580
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	12,447,908	11,229,480	12,925,145
Total	<u>\$ 18,616,625</u>	<u>\$ 17,777,717</u>	<u>\$ 20,563,725</u>
District's Covered Payroll	\$ 16,640,876	\$ 15,769,366	\$ 14,436,458
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	37.07%	41.53%	52.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	72.54%	73.74%

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

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

<u>FY 2018</u>		<u>FY 2017</u>		<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2017</u>		<u>Plan Year 2016</u>		<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
0.000143897%		0.000139912%		0.000148755%		0.00085087%	
\$	4,601,057	\$	5,264,387	\$	5,258,291	\$	2,272,791
7,919,255		9,458,989		9,183,457		8,176,448	
\$	12,520,312	\$	14,723,376	\$	14,441,748	\$	10,449,239
\$	14,947,189	\$	14,825,629	\$	14,453,288	\$	14,273,586
30.78%		35.51%		36.38%		21.75%	
82.17%		78.00%		78.43%		83.25%	

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

	2021	2020	2019
Contractually Required Contribution	\$ 680,315	\$ 636,311	\$ 599,766
Contribution in Relation to the Contractually Required Contribution	(680,315)	(636,311)	(599,766)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 16,640,876	\$ 15,769,366	\$ 14,436,458
Contributions as a Percentage of Covered Payroll	4.09%	4.04%	4.20%

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

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

2018		2017		2016		2015	
\$	631,249	\$	621,337	\$	574,786	\$	570,524
	(631,249)		(621,337)		(574,786)		(570,524)
\$	-	\$	-	\$	-	\$	-
\$ 14,947,189		\$ 14,825,629		\$ 14,453,282		\$ 14,273,587	
4.22%		4.19%		3.98%		4.00%	

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.00021497%	0.00021262%	0.000237363%	\$ 0.000278184%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,171,869	\$ 10,055,036	\$ 11,851,785	\$ 12,097,164
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,981,034	13,360,895	12,325,010	\$ 11,243,664
Total	<u>\$ 19,152,903</u>	<u>\$ 23,415,931</u>	<u>\$ 24,176,795</u>	<u>\$ 23,340,828</u>
District's Covered Payroll	\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	49.11%	63.76%	82.09%	\$ 80.93%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

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

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

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

	2021	2020	2019	2018
Contractually Required Contribution	\$ 124,807	\$ 118,270	\$ 108,274	\$ 112,099
Contribution in Relation to the Contractually Required Contribution	(124,807)	(118,270)	(108,274)	(112,099)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189
Contributions as a Percentage of Covered Payroll	0.75%	0.75%	0.75%	0.75%

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

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

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

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

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

Changes in Assumptions.

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

- The discount rate changed from 2.64 percent as of August 31, 2019 to 2.33 percent, as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

COMBINING SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

PITTSBURG INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 451,884
1240	Due from Other Governments	-	-	-	120,048
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 571,932</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ (11,614)
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,614)</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	583,546
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>583,546</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 571,932</u>

EXHIBIT E-1 (Cont'd)

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	281 ESSER II	289 Other Federal Special Revenue Funds	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,784
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,784</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	3,784
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,784</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,784

PITTSBURG INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2021

Data Control Codes		429	480	Total
		Other State Special Revenue Funds	D. Julian Pilgrim Trust	Nonmajor Governmental Funds
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ 15,037	\$ 470,705
1240	Due from Other Governments	-	-	120,048
1000	Total Assets	<u>\$ -</u>	<u>\$ 15,037</u>	<u>\$ 590,753</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ (11,614)
2300	Unearned Revenue	-	-	3,784
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>(7,830)</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	583,546
3490	Other Restricted Fund Balance	-	15,037	15,037
3000	Total Fund Balances	<u>-</u>	<u>15,037</u>	<u>598,583</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 15,037</u>	<u>\$ 590,753</u>

PITTSBURG INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 77,872
5800 State Program Revenues	-	-	-	12,314
5900 Federal Program Revenues	931,882	492,104	10,353	1,397,241
5020 Total Revenues	931,882	492,104	10,353	1,487,427
EXPENDITURES:				
Current:				
0011 Instruction	696,758	492,104	10,353	-
0021 Instructional Leadership	64,752	-	-	-
0023 School Leadership	101,922	-	-	-
0031 Guidance, Counseling, and Evaluation Services	68,450	-	-	-
0035 Food Services	-	-	-	1,311,896
0053 Data Processing Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	931,882	492,104	10,353	1,311,896
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	175,531
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	76,301
1200 Net Change in Fund Balance	-	-	-	251,832
0100 Fund Balance - September 1 (Beginning)	-	-	-	331,714
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 583,546

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	281 ESSER II	289 Other Federal Special Revenue Funds	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	100,657
41,313	120,616	28,902	22,514	41,035	118,842	63,677	-
41,313	120,616	28,902	22,514	41,035	118,842	63,677	100,657
41,313	120,616	28,902	15,095	41,035	118,842	4,999	100,657
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	58,678	-
-	-	-	-	-	-	-	-
-	-	-	7,419	-	-	-	-
-	-	-	-	-	-	-	-
41,313	120,616	28,902	22,514	41,035	118,842	63,677	100,657
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PITTSBURG INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	429 Other State Special Revenue Funds	480 D. Julian Pilgrim Trust	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ 37,000	\$ 114,872
5800 State Program Revenues	19,000	-	131,971
5900 Federal Program Revenues	-	-	3,268,479
5020 Total Revenues	19,000	37,000	3,515,322
EXPENDITURES:			
Current:			
0011 Instruction	19,000	-	1,689,674
0021 Instructional Leadership	-	-	64,752
0023 School Leadership	-	-	101,922
0031 Guidance, Counseling, and Evaluation Services	-	-	127,128
0035 Food Services	-	-	1,311,896
0053 Data Processing Services	-	-	7,419
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	22,585	22,585
6030 Total Expenditures	19,000	22,585	3,325,376
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	14,415	189,946
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	76,301
1200 Net Change in Fund Balance	-	14,415	266,247
0100 Fund Balance - September 1 (Beginning)	-	622	332,336
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 15,037	\$ 598,583

REQUIRED T.E.A. SCHEDULES

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.070200	708,211,493
2014	1.040000	0.115600	667,811,440
2015	1.040000	0.115600	690,964,434
2016	1.040000	0.126300	686,697,591
2017	1.040000	0.200000	702,385,403
2018	1.040000	0.200000	735,461,774
2019	1.040000	0.200000	799,590,968
2020	0.970000	0.200000	835,799,573
2021 (School year under audit)	0.943700	0.200000	903,823,118
1000 TOTALS			

(10) Beginning Balance 9/1/2020		(20) Current Year's Total Levy		(31) Maintenance Collections		(32) Debt Service Collections		(40) Entire Year's Adjustments		(50) Ending Balance 8/31/2021	
\$	314,365	\$	-	\$	18,428	\$	3,350	\$	-	\$	292,587
	48,137		-		3,568		241		-		44,328
	61,740		-		8,762		974		-		52,004
	74,893		-		10,648		1,184		-		63,061
	76,173		-		10,546		1,281		-		64,346
	92,525		-		13,232		2,545		-		76,748
	121,551		-		16,881		3,246		-		101,424
	157,664		-		29,304		5,635		-		122,725
	279,329		-		83,441		17,205		-		178,683
	-		10,337,025		8,206,580		1,739,614		(71,797)		319,034
<u>\$</u>	<u>1,226,377</u>	<u>\$</u>	<u>10,337,025</u>	<u>\$</u>	<u>8,401,390</u>	<u>\$</u>	<u>1,775,275</u>	<u>\$</u>	<u>(71,797)</u>	<u>\$</u>	<u>1,314,940</u>

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 89,000	\$ 89,000	\$ 77,872	\$ (11,128)
5800	State Program Revenues	49,884	49,884	12,314	(37,570)
5900	Federal Program Revenues	1,285,000	1,266,956	1,397,241	130,285
5020	Total Revenues	1,423,884	1,405,840	1,487,427	81,587
EXPENDITURES:					
Current:					
0035	Food Services	1,423,884	1,405,840	1,311,896	93,944
6030	Total Expenditures	1,423,884	1,405,840	1,311,896	93,944
1100	Excess of Revenues Over Expenditures	-	-	175,531	175,531
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	76,301	76,301
1200	Net Change in Fund Balances	-	-	251,832	251,832
0100	Fund Balance - September 1 (Beginning)	331,714	331,714	331,714	-
3000	Fund Balance - August 31 (Ending)	\$ 331,714	\$ 331,714	\$ 583,546	\$ 251,832

PITTSBURG INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,557,325	\$ 1,557,325	\$ 1,806,350	\$ 249,025
5800	State Program Revenues	20,000	20,000	61,238	41,238
5020	Total Revenues	1,577,325	1,577,325	1,867,588	290,263
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	1,065,000	1,065,000	1,065,000	-
0072	Interest on Long-Term Debt	507,325	507,325	507,325	-
0073	Bond Issuance Cost and Fees	5,000	5,000	4,000	1,000
6030	Total Expenditures	1,577,325	1,577,325	1,576,325	1,000
1200	Net Change in Fund Balances	-	-	291,263	291,263
0100	Fund Balance - September 1 (Beginning)	1,214,853	1,214,853	1,214,853	-
3000	Fund Balance - August 31 (Ending)	\$ 1,214,853	\$ 1,214,853	\$ 1,506,116	\$ 291,263

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

PITTSBURG INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	2919686
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1908879

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	233590
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	313778

**REPORTS ON INTERNAL CONTROL,
COMPLIANCE, & FEDERAL AWARDS**



CPAs & Advisors

Bob J. Arnold, CPA, PFS
Lanny G. Walker, CPA, PFS
Kris Arnold, CPA, PFS
Andrew Arnold, CPA
Melissa J. Godfrey, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Pittsburg Independent School District
Pittsburg, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pittsburg Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2021.

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*.

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.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 6, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Pittsburg Independent School District
Pittsburg, Texas

Report on Compliance for Each Major Federal Program

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

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.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 6, 2021

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

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Pittsburgh Independent School District was an unmodified opinion.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. NONE
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee. NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. NONE
- e. The type of report the auditor issued on compliance for major programs. unmodified opinion
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : NONE
- g. An identification of major programs: ESEA Title I Part A, CFDA #84.010A
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. A statement as to whether the auditee qualified as a low-risk auditee. Yes

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

NONE

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

None

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

PITTSBURG INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021

CORRECTIVE ACTION

N/A

The contact at the District is Julie Wetzel at (903) 856-3628.

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501032902	\$ 120,616
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	21696001032902	41,035
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101032902	931,882
*IDEA - Part B, Formula	84.027	216600010329026600	492,104
*IDEA - Part B, Preschool	84.173	216610010329026610	10,353
Total Special Education Cluster (IDEA)			502,457
Career and Technical - Basic Grant	84.048	21420006032902	41,313
Title III, Part A - English Language Acquisition	84.365A	21671001032902	28,902
ESEA Title IV Part A	84.424A	2168010103902	63,677
Elementary Secondary School Emergency Relief II	84.425D	20521001032902	141,356
Total Passed Through State Department of Education			1,871,238
TOTAL U.S. DEPARTMENT OF EDUCATION			1,871,238
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	237,710
*National School Lunch Program - Cash Assistance	10.555	N/A	1,082,575
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	76,956
Total Assistance Listing Number 10.555			1,159,531
Total Child Nutrition Cluster			1,397,241
Total Passed Through the State Department of Agriculture			1,397,241
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,397,241
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,268,479

*Clustered Programs

PITTSBURG INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.

- **General Fund** - is used to account for , among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.

- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343(b).
- Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$0.

- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards.	\$ 3,268,479
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SHARS Revenue reported in the General Fund	168,879
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Federal Program Revenue Reported on Exhibit C-3	<u>3,437,358</u>
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Total Federal Program Revenue	<u><u>\$3,437,358</u></u>
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SCHOOLS FIRST QUESTIONNAIRE

PITTSBURG INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0