

**PRAIRILAND
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

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

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
CERTIFICATE OF BOARD	1
Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-11
 <u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Position	12
B-1 Statement of Activities	13
Governmental Fund Financial Statements:	
C-1 Balance Sheet	14
C-2 Reconciliation for C-1	15
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	16
C-4 Reconciliation for C-3	17
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	18
E-2 Statement of Changes in Fiduciary Net Position	19
Notes to the Financial Statements	20-47
 <u>Required Supplementary Information</u>	
G-1 Budgetary Comparison Schedule - General Fund	48
G-6 Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	49-50
G-7 Schedule of District Contributions to TRS	51-52
G-8 Schedule of District's Proportionate Share of the Net OPEB Liability (TRS)	53
G-9 Schedule of District's Contributions to the TRS OPEB Plan	54
Notes to Required Supplementary Information	55
 <u>Combining and Other Schedules</u>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	56-58
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59-61
 <u>Required TEA Schedules</u>	
J-1 Schedule of Delinquent Taxes	62-63
J-2 Budgetary Comparison Schedule – Food Service Fund	64
J-3 Budgetary Comparison Schedule - Debt Service Fund	65
J-4 State Compensatory Education and Bilingual Education Program Expenditures	66
 <u>Reports on Compliance, Internal Control, and Federal Awards</u>	
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67-68
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	69-70
Schedule of Findings and Questioned Costs	71
Schedule of Status of Prior Findings	72
Corrective Action Plan	73
K-1 Schedule of Expenditures of Federal Awards	74
Notes to Schedule of Expenditures of Federal Awards	75
 <u>Required TEA Schedule</u>	
L-1 Schools First Questionnaire	76

CERTIFICATE OF BOARD

Prairiland Independent School District
Name of School District

Lamar
County

139-912
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 _____ 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)



WILF & HENDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

**UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION INCLUDING THE
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Independent Auditors' Report

Board of Trustees
Prairiland Independent School District
466 FM 196 South
Pattonville, TX 75468

Members of the Board:

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 Prairiland Independent School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Prairiland Independent School District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information on page 48, schedule of the District's proportionate share of the net pension liability (TRS) on pages 49-50, schedule of District contributions to TRS Pension plan on pages 51-52, schedule of the District's proportionate share of the OPEB liability (TRS) on page 53, and schedule of District contributions to TRS OPEB plan on page 54 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

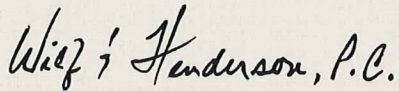
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Prairiland Independent School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements and 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 financial statements and 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. This information is in Exhibits identified in the Table of Contents as J-1 through J-4 and L-1. 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of the Prairiland Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Prairiland Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Prairiland Independent School District's internal control over financial reporting and compliance.



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

November 9, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Prairiland Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

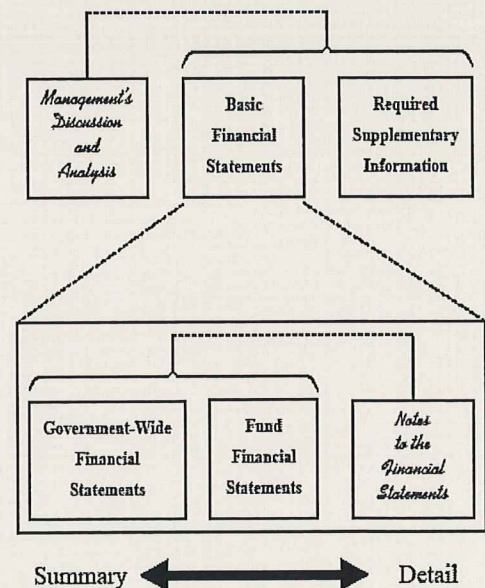
- The District's total combined net position was \$10,184,508 at June 30, 2021.
- During the year, the District's expenses were \$793,972 less than the \$13,423,880 generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$9,297,745.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *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 Information



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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets 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, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Fiduciary funds*-The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position: The District's combined net position was \$10,184,508 at June 30, 2021.

Table I
Prairiland Independent School District
NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Total % Change
Current and other assets	12,478,214	11,002,975	13.41%
Capital assets	11,950,374	12,009,357	-0.49%
Total Assets	24,428,588	23,012,332	6.15%
Deferred outflows of resources	1,530,223	1,721,125	-11.09%
Other liabilities	1,782,009	1,039,278	71.47%
Long-term liabilities	7,195,588	7,387,502	-2.60%
TRS net pension liability	1,867,974	2,004,846	-6.83%
TRS net OPEB liability	2,594,252	3,147,161	-17.57%
Total Liabilities	13,439,823	13,578,787	-1.02%
Deferred inflows of resources	2,334,480	1,764,140	32.33%
Net Position:			
Net Investment in Capital Assets	5,089,442	4,927,334	3.29%
Restricted	362,520	503,665	-28.02%
Unrestricted	4,732,546	3,959,533	-19.52%
Total Net Position	10,184,508	9,390,532	8.46%

The \$4,732,546 of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$13,423,880. A significant portion, 58 percent, of the District's revenue comes from state aid. 23 percent comes from taxes, and 13 percent comes from operating grants, while only 1 percent relates to charges for services. The remaining 5 percent was generated from miscellaneous resources.

The M&O tax rate decreased from the prior year at \$0.9700 to \$0.9664; in addition, property tax appraisal went up increasing tax revenues to \$3,107,172. The total cost of all programs and services was \$12,629,908; 78 percent of these costs are for instructional and student support services.

Table II
Prairiland Independent School District
CHANGES IN NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Total % Change
Revenues:			
Program Revenues:			
Charges for services	125,283	159,277	-21.34%
Operating and capital grants and contributions	1,769,124	1,329,867	33.03%
General Revenues:			
Property taxes and related revenues	3,107,172	2,882,361	7.80%
State aid - formula grants	7,835,882	8,173,550	-4.13%
Investment earnings	37,928	127,932	-70.35%
Miscellaneous	548,491	343,969	59.46%
Total Revenues	13,423,880	13,016,956	3.13%
Expenses:			
Instruction, curriculum and media services	7,127,072	7,225,631	-1.36%
School leadership	885,741	926,939	-4.44%
Guidance, counseling, evaluation and health services	274,936	252,519	8.88%
Student (Pupil) Transportation	414,168	410,919	
Food services	525,707	542,150	-3.03%
Cocurricular activities	624,418	620,082	0.70%
General administration	573,169	530,346	8.07%
Facilities maintenance & operations	1,174,315	1,130,336	3.89%
Security and Monitoring Services	3,980	5,817	-31.58%
Data processing services	142,568	171,290	-16.77%
Debt services	212,165	277,485	-23.54%
Payments to fiscal agent/member of SSA	625,709	497,344	25.81%
Other intergovernmental charges	45,960	43,603	5.41%
Total Expenses	12,629,908	12,634,461	-0.04%
Increase (Decrease) in Net Position	793,972	382,495	107.58%
Net Position at Beginning of Year	9,390,536	9,008,041	4.25%
Net Position at Ending of Year	10,184,508	9,390,536	8.46%

THE DISTRICT'S FUNDS

Our analysis focuses on the net changes in fund balances (Table III) of the District's governmental funds.

Table III
Prairiland Independent School District
NET CHANGES IN FUND BALANCES

	Governmental Funds 2021	Governmental Funds 2020	Total \$ Change	Total % Change
Revenues:				
Local and Intermediate Sources	\$ 3,819,210	\$ 3,532,389	\$ 286,821	8.1%
State Program Revenues	8,079,706	8,652,101	(572,395)	-6.6%
Federal Program Revenues	1,385,811	476,789	909,022	190.7%
Total Revenues	13,284,727	12,661,279	623,448	4.7%
Expenditures:				
Instruction	6,283,445	6,235,806	47,639	0.8%
Instructional resources & media services	123,704	128,370	(4,666)	-3.6%
Curriculum and instructional staff development	124,644	57,790	66,854	115.7%
School leadership	862,340	849,086	13,254	1.6%
Guidance, Counseling and Evaluation Services	142,375	142,773	(398)	-0.3%
Health Services	125,113	88,575	36,538	41.3%
Food Services	398,613	442,114	(43,501)	-9.8%
Student (Pupil) Transportation	507,569	501,691	5,878	1.2%
Extracurricular activities	496,832	494,455	2,377	0.5%
General administration	558,371	488,712	69,659	14.3%
Facilities maintenance & operations	1,523,497	1,461,911	61,586	4.2%
Security and Monitoring Services	1,813	3,983	(2,170)	-54.5%
Data processing services	135,825	158,686	(22,861)	-14.4%
Debt services	615,132	562,822	52,310	9.3%
Capital Outlay	162,823	-	162,823	100.0%
Payments to fiscal agent/member of SSA	625,709	497,344	128,365	25.8%
Other Intergovernmental Charges	45,960	43,603	2,357	5.4%
Total Expenditures	12,733,765	12,157,721	576,044	4.7%
Excess (Deficiency) of Revenues Over (Under) Expenditures	550,962	503,558	47,404	9.4%
Other Financing Sources (Uses):				
Capital Related Debt Issued	2,150,000	-	2,150,000	100.0%
Transfers In	845,000	121,806	723,194	593.7%
Premium or Discount on Issuance of Bonds	166,523	-	166,523	100.0%
Transfers Out (Use)	(845,000)	(121,806)	(723,194)	-593.7%
Other (Uses)	(2,235,347)	-	(2,235,347)	-100.0%
Total Other Financing Sources (Uses)	81,176	-	81,176	100.0%
Net Change in Fund Balances	632,138	503,558	128,580	25.5%
Fund Balance - Beginning of Year	9,723,823	9,220,265	503,558	5.5%
Fund Balance - End of Year	\$ 10,355,961	\$ 9,723,823	\$ 632,138	6.5%

The cost of all *governmental* activities this year was \$12,733,765.

- However, the amount that our taxpayers paid for these activities through property taxes was only \$3,107,172.
- Some of the cost was paid by those who directly benefited from the programs \$125,283 or by grants and contributions \$1,769,124.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$13,284,727, an increase of 4.7% from the preceding year.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$1,463,351 below final budget amounts, and revenues were (\$388,854) less than estimated amounts. The most significant positive variance resulted from instruction and instruction related services.

General Fund:

Increase (Decrease) in Local and Intermediate Sources	250,000
(Increase) in expenditure - Instruction	(116,999)
(Increase) in expenditure - Health Services	(60,000)
(Increase) in expenditure - General Administration	(39,000)
(Increase) in expenditure - Facilities Maintenance and Operations	(502,559)
(Increase) in expenditure - Data Processing Services	(20,000)
(Increase) in expenditure - Payments to Fiscal Agent/Member Districts of SSA	(17,000)
(Increase) in other financing sources (uses) - Transfers Out (Use)	(870,000)
	<u>(1,375,558)</u>

Food Service Fund:

Increase in other financing sources - Transfers In	85,000
	<u>85,000</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$11,950,374 in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net decrease (including additions and deductions) of (\$58,983) or (0.49%) less than last year.

Long Term Debt

At year-end the District had \$6,846,000 in bonds and notes outstanding. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The districts property valuations increased considerably due to added values of the Solar Farms that are now being completed. Local property taxes are restricted by state statute, without local elections to \$0.8720 for maintenance and operations. The district increased the interest and sinking tax rate to \$0.2230 for the coming school year, which still decreased the overall tax rate slightly. The district's total tax rate for 2022 is \$1.095.

The 2022 budget is only slightly higher than the previous year mainly due to salary step increases and some building improvements. Student population is expected to increase over the previous school year, as students return from pandemic homeschooling.

These indicators were taken into account when adopting the general fund budget for 2022. Expenditures are expected to remain constant, even with increases for salaries. There are no expected changes in staffing other than adding interventionist with ESSER III grant funds. The district will begin the 2022 with no teacher vacancies.

The district currently has entered into six chapter 313 agreements with various Solar Farms. The values of the farms will be added to the tax rolls over the next two to three years, until they reach completion. The agreements show that the businesses will invest over \$841,000,000 on a long term basis and receive a valuation limit of \$20,000,000 for M&O only. Each business will be valued fully for I&S tax rates. In addition to the tax abatement, the local businesses have committed to pay supplemental payments to the district in the amount of \$100 per ADA and to make revenue protection payments. The expected positive financial impact should begin by fiscal year 2022. The district will use the additional I&S funds to pay for bonds that will add additional classrooms to the existing schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 7,507,588
1120 Current Investments	3,189,506
1220 Property Taxes - Delinquent	507,781
1230 Allowance for Uncollectible Taxes	(137,483)
1240 Due from Other Governments	1,390,617
1300 Inventories	20,205
Capital Assets:	
1510 Land	202,342
1520 Buildings and Improvements, Net	10,616,158
1530 Furniture and Equipment, Net	717,842
1580 Construction in Progress	414,032
1000 Total Assets	24,428,588
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	307,806
1705 Deferred Outflow Related to TRS Pension	695,791
1706 Deferred Outflow Related to TRS OPEB	526,626
1700 Total Deferred Outflows of Resources	1,530,223
LIABILITIES	
2110 Accounts Payable	130,869
2140 Accrued Interest Payable	13,121
2160 Accrued Wages Payable	723,697
2180 Due to Other Governments	801,945
2200 Accrued Expenses	91,195
2300 Unearned Revenue	21,182
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Notes, Leases, etc	344,000
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	6,851,588
2540 Net Pension Liability (District's Share)	1,867,974
2545 Net OPEB Liability (District's Share)	2,594,252
2000 Total Liabilities	13,439,823
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	391,946
2606 Deferred Inflow Related to TRS OPEB	1,942,534
2600 Total Deferred Inflows of Resources	2,334,480
NET POSITION	
3200 Net Investment in Capital Assets	5,089,442
Restricted:	
3820 Restricted for Federal and State Programs	743
3850 Restricted for Debt Service	361,777
3900 Unrestricted	4,732,546
3000 Total Net Position	\$ 10,184,508

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

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

Data Control Codes	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	1	3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11 Instruction	\$ 6,873,199	\$ 26,779	\$ 1,218,098	\$	(5,628,322)
12 Instructional Resources and Media Services	126,197	-	2,691		(123,506)
13 Curriculum and Instructional Staff Development	127,676	-	2,681		(124,995)
23 School Leadership	885,741	-	22,299		(863,442)
31 Guidance, Counseling, and Evaluation Services	146,378	-	4,341		(142,037)
33 Health Services	128,558	-	47,302		(81,256)
34 Student (Pupil) Transportation	414,168	-	4,273		(409,895)
35 Food Services	525,707	17,040	419,628		(89,039)
36 Extracurricular Activities	624,418	81,464	7,581		(535,373)
41 General Administration	573,169	-	9,733		(563,436)
51 Facilities Maintenance and Operations	1,174,315	-	28,356		(1,145,959)
52 Security and Monitoring Services	3,980	-	-		(3,980)
53 Data Processing Services	142,568	-	2,141		(140,427)
72 Debt Service - Interest on Long-Term Debt	129,739	-	-		(129,739)
73 Debt Service - Bond Issuance Cost and Fees	82,426	-	-		(82,426)
93 Payments Related to Shared Services Arrangements	625,709	-	-		(625,709)
99 Other Intergovernmental Charges	45,960	-	-		(45,960)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 12,629,908</u>	<u>\$ 125,283</u>	<u>\$ 1,769,124</u>		<u>(10,735,501)</u>
General Revenues:					
Taxes:					
MT Property Taxes, Levied for General Purposes					2,751,254
DT Property Taxes, Levied for Debt Service					355,918
SF State Aid - Formula Grants					7,835,882
IE Investment Earnings					37,928
MI Miscellaneous Local and Intermediate Revenue					548,491
TR Total General Revenues					<u>11,529,473</u>
CN Change in Net Position					793,972
NB Net Position - Beginning					<u>9,390,536</u>
NE Net Position - Ending					<u>\$ 10,184,508</u>

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

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

Data Control Codes	10 General Fund	ESSER School Emergency Relief II	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 7,013,429	\$ -	\$ 494,159	\$ 7,507,588
1120 Investments - Current	3,188,256	-	1,250	3,189,506
1220 Property Taxes - Delinquent	448,894	-	58,887	507,781
1230 Allowance for Uncollectible Taxes	(121,497)	-	(15,986)	(137,483)
1240 Due from Other Governments	724,666	572,840	93,111	1,390,617
1260 Due from Other Funds	726,917	-	885,645	1,612,562
1300 Inventories	9,851	-	10,354	20,205
1000 Total Assets	<u>\$ 11,990,516</u>	<u>\$ 572,840</u>	<u>\$ 1,527,420</u>	<u>\$ 14,090,776</u>
LIABILITIES				
2110 Accounts Payable	\$ 38,101	\$ -	\$ 92,768	\$ 130,869
2160 Accrued Wages Payable	677,310	-	46,387	723,697
2170 Due to Other Funds	885,645	572,840	154,077	1,612,562
2180 Due to Other Governments	694,620	-	107,325	801,945
2200 Accrued Expenditures	84,633	-	6,562	91,195
2300 Unearned Revenue	-	-	21,182	21,182
2000 Total Liabilities	<u>2,380,309</u>	<u>572,840</u>	<u>428,301</u>	<u>3,381,450</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	312,462	-	40,903	353,365
2600 Total Deferred Inflows of Resources	<u>312,462</u>	<u>-</u>	<u>40,903</u>	<u>353,365</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	9,851	-	-	9,851
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	743	743
3480 Retirement of Long-Term Debt	-	-	333,995	333,995
Committed Fund Balance:				
3510 Construction	-	-	622,177	622,177
3545 Other Committed Fund Balance	-	-	101,301	101,301
3600 Unassigned Fund Balance	9,287,894	-	-	9,287,894
3000 Total Fund Balances	<u>9,297,745</u>	<u>-</u>	<u>1,058,216</u>	<u>10,355,961</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,990,516</u>	<u>\$ 572,840</u>	<u>\$ 1,527,420</u>	<u>\$ 14,090,776</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 10,355,961
1 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 \$24,069,946 and the accumulated depreciation was (\$12,060,589). 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. At the beginning of the year, these liabilities totaled (\$7,387,498). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	4,621,859
2 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 including the 2021 capital outlays and debt principal payments is to increase net position.	1,015,652
3 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. The net position related to TRS included a deferred resource outflow in the amount of \$695,791, a deferred resource inflow in the amount of (\$391,946), and a net position liability in the amount of (\$1,867,974). This resulted in an increase(decrease) in net position.	(1,564,129)
4 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. The net position related to TRS included a deferred resource outflow in the amount of \$526,626, a deferred resource inflow in the amount of (\$1,942,534), and a net OPEB liability in the amount of (\$2,594,252). This resulted in an increase(decrease) in net position.	(4,010,160)
5 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(768,635)
6 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, reclassifying the proceeds of bond sales as an increase in bonds payable, 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.	533,960
19 Net Position of Governmental Activities	\$ 10,184,508

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

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

Data Control Codes	10 General Fund	ESSER School Emergency Relief II	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,341,466	\$ -	\$ 477,744	\$ 3,819,210
5800 State Program Revenues	7,887,966	-	191,740	8,079,706
5900 Federal Program Revenues	119	572,840	812,852	1,385,811
5020 Total Revenues	11,229,551	572,840	1,482,336	13,284,727
EXPENDITURES:				
Current:				
0011 Instruction	5,215,836	572,840	494,769	6,283,445
0012 Instructional Resources and Media Services	122,066	-	1,638	123,704
0013 Curriculum and Instructional Staff Development	124,644	-	-	124,644
0023 School Leadership	819,298	-	43,042	862,340
0031 Guidance, Counseling, and Evaluation Services	142,375	-	-	142,375
0033 Health Services	80,975	-	44,138	125,113
0034 Student (Pupil) Transportation	398,613	-	-	398,613
0035 Food Services	12,552	-	495,017	507,569
0036 Extracurricular Activities	469,239	-	27,593	496,832
0041 General Administration	558,371	-	-	558,371
0051 Facilities Maintenance and Operations	1,504,309	-	19,188	1,523,497
0052 Security and Monitoring Services	1,813	-	-	1,813
0053 Data Processing Services	135,825	-	-	135,825
Debt Service:				
0071 Principal on Long-Term Debt	36,000	-	270,000	306,000
0072 Interest on Long-Term Debt	3,071	-	223,635	226,706
0073 Bond Issuance Cost and Fees	-	-	82,426	82,426
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	162,823	162,823
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	625,709	-	-	625,709
0099 Other Intergovernmental Charges	45,960	-	-	45,960
6030 Total Expenditures	10,296,656	572,840	1,864,269	12,733,765
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	932,895	-	(381,933)	550,962
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	-	2,150,000	2,150,000
7915 Transfers In	-	-	845,000	845,000
7916 Premium or Discount on Issuance of Bonds	-	-	166,523	166,523
8911 Transfers Out (Use)	(845,000)	-	-	(845,000)
8949 Other (Uses)	-	-	(2,235,347)	(2,235,347)
7080 Total Other Financing Sources (Uses)	(845,000)	-	926,176	81,176
1200 Net Change in Fund Balances	87,895	-	544,243	632,138
0100 Fund Balance - July 1 (Beginning)	9,209,850	-	513,973	9,723,823
3000 Fund Balance - June 30 (Ending)	\$ 9,297,745	\$ -	\$ 1,058,216	\$ 10,355,961

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 632,138
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.	1,015,652
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.	(768,635)
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, reclassifying the proceeds of bond sales, 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.	10,355
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$129,263. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling (\$120,073). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) decreased the change in net position by (\$172,444). The net result is an increase (decrease) in the change in net position.	(163,254)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to decrease by (\$43,568). Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$43,409. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased) decreased the change in net position by (\$67,557). The net result is an increase (decrease) in the change in net position.	67,716
Change in Net Position of Governmental Activities	\$ 793,972

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

PRAIRILAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 137,823
Total Assets	<u>137,823</u>
NET POSITION	
Restricted for Other Purposes	<u>137,823</u>
Total Net Position	<u>\$ 137,823</u>

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

PRAIRILAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 149,427
Total Additions	<u>149,427</u>
DEDUCTIONS:	
Other Deductions	<u>122,515</u>
Total Deductions	<u>122,515</u>
Change in Fiduciary Net Position	26,912
Total Net Position - July 1 (Beginning)	-
Prior Period Adjustment	<u>110,911</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 137,823</u></u>

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

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

A. Summary of Significant Accounting Policies

The basic financial statements of Prairiland Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

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

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

ESSER School Emergency Relief Fund II: This fund accounts for resources restricted for specific purposes by a grant in a special revenue fund. ESSER is one of multiple funding sources for school districts under the Coronavirus Aid, Relief and Economic Security (CARES) Act to assist in operations during the disruptions and closures related to Coronavirus.

In addition, the District reports the following fund types:

Special Revenue Funds: These funds account 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.

Debt Service Fund: This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund: This fund is established to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

3. Financial Statement Amounts

a. Cash Equivalents

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

b. Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Resources. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

e. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

f. Deferred Outflows and Inflows of Resources

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

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

g. Receivable and Payable Balances

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

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

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Use of Estimates

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

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

j. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

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

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

Fund Balance Policy - In an effort to provide adequate cash flow for operations, maintain a strong credit rating, and plan for unanticipated extraordinary costs, the District shall strive to maintain in the general fund an unassigned fund balance of at least two months operations.

l. Net Position Flow Assumption

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

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

m. Fund Balance Flow Assumptions

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

n. Compensated Absences

On retirement or death of certain employees, the District pays an accrued sick leave up to 100 days at \$50 a day, in lump sum payment to such employee or his/her estate. Employees can bring days from other districts but are required to work at Prairiland at least 5 years to be eligible.

o. Workers' Compensation Plan

For the year ended June 30, 2021 the District was a member of School Comp Insurance Fund, a public entity risk pool administered by Creative Risk Funding, Inc., for workers' compensation insurance coverage.

4. Pensions

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

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPES liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPES expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) 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.

B. Compliance and Accountability

1. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

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

2. Budgetary Data

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

The following procedures are followed in establishing the budgetary data reflected in the financial statements;

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

Significant budget amendments were as follows:

General Fund:

Increase (Decrease) in Local and Intermediate Sources	250,000
(Increase) in expenditure - Instruction	(116,999)
(Increase) in expenditure - Health Services	(60,000)
(Increase) in expenditure - General Administration	(39,000)
(Increase) in expenditure - Facilities Maintenance and Operations	(502,559)
(Increase) in expenditure - Data Processing Services	(20,000)
(Increase) in expenditure - Payments to Fiscal Agent/Member Districts of SSA	(17,000)
(Increase) in other financing sources (uses) - Transfers Out (Use)	(870,000)
	<u>(1,375,558)</u>

Food Service Fund:

Increase in other financing sources - Transfer In	85,000
	<u>85,000</u>

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.

The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program (NSLP), (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of NSLP, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes. The District's goal is for the Food Service program to be self-supporting with regard to food service operations; however, the program is not charged for utilities, insurance and some maintenance items.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget Nonmajor Governmental Special Revenue Funds is as follows:

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

	June 30, 2021
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	743
Nonappropriated Budget Funds	<u>101,301</u>
All Nonmajor Governmental Special Revenue Funds	<u><u>102,044</u></u>

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At June 30, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,645,411 and the bank balance was \$7,787,641. The District's cash deposits at June 30, 2021 and during the year ended June 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2021 are shown below.

Investment Type	Fair Value *	Investment Maturities (in years)			
		Less than 1	1 - 5	6 - 10	More than 10
Investment Pools**					
TexPool Investments	1,587,488	1,587,488	-	-	-
Lonestar Investments	1,602,018	1,602,018	-	-	-
Total	3,189,506	3,189,506	-	-	-

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

*Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in a forced liquidation. Under GASB 72, all investments are recorded at fair value.

**Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net Assets to compute share prices. Accordingly, the fair value of the assets in these pools is the same as the value of the shares in each pool.

3. Analysis of Specific Deposit and Investment Risks

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

i. Credit Risk

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

At June 30, 2021, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Lone Star	AAA
TexPool	AAAm

ii. Custodial Credit Risk

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

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

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

iii. Concentration of Credit Risk

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

iv. Interest Rate Risk

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

v. Foreign Currency Risk

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

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

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star:

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

TexPool:

The District invests in the Texas Local Government Investment Pool (TexPool), which is local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard and Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value

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

of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttsc.org.

D. Capital Assets

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 202,342	\$ -	\$ -	\$ 202,342
Construction in progress	359,463	564,327	(509,758)	414,032
Total capital assets not being depreciated	561,805	564,327	(509,758)	616,374
Capital assets being depreciated:				
Buildings and improvements	20,304,958	22,500	509,758	20,837,216
Equipment & vehicles	3,203,183	122,825	-	3,326,008
Total capital assets being depreciated	23,508,141	145,325	509,758	23,143,708
Less accumulated depreciation:				
Buildings and improvements	(9,677,797)	(543,261)	-	(10,221,058)
Equipment & vehicles	(2,382,792)	(225,374)	-	(2,608,166)
Total accumulated depreciation	(12,060,589)	(768,635)	-	(12,829,224)
Total capital assets being depreciated, net	11,447,552	(623,310)	509,758	10,314,484
Governmental activities capital assets, net	\$ 12,009,357	\$ (58,983)	\$ -	\$ 11,950,374

In the current year, the District incurred an additional cost of \$199,000 to complete the baseball and softball field project for a total cost of \$509,758. The tennis court project had prior year costs of \$48,705 and additional current year costs of \$202,504, for a total of \$251,209. These costs are reflected in construction in progress as the project was still not completed in the current year. The District also entered into a new construction contract in the amount of \$709,933 for Blossom Elementary Drive. Current year costs of this project are seen in construction in progress at \$162,823.

The District installed a new softball fence during the current year for a total cost of \$22,500. They also purchased a bus for \$97,825 and two lawn mowers for a total cost of \$25,000.

On July 13, 2021 the District entered into an architect contract with Harrison, Walker and Harper LLC in the amount of \$200,354 for the 2021 Bond Program Projects.

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

Depreciation was charged to functions as follows:

11	Instruction	\$ 428,922
34	Student transportation	109,664
35	Food services	8,434
36	Cocurricular/Extracurricular activities	119,648
41	General administration	4,000
51	Plant maintenance and operations	91,374
52	Security and monitoring services	2,167
53	Data processing services	4,426
		<u>\$ 768,635</u>

E. Interfund Balances and Activities

1. Due to and From Other Funds:

<u>Due to Fund:</u>		<u>Due from Fund:</u>	
699-Capital Projects	\$ 785,000	199-General Fund	\$ 785,000
199-General Fund	726,917	281-ESSER School Emergency Relief II	572,840
		Other Nonmajor Special Revenue Funds	<u>154,077</u>
			726,917
Other Nonmajor Special Revenue Funds	100,645	199-General Fund	100,645
Total	<u>\$ 1,612,562</u>	Total	<u>\$ 1,612,562</u>

2. Transfer To and From Other Funds

Transfer to and from other funds at June 30, 2021, consisted of the following:

<u>Transfer To:</u>		<u>Transfer From:</u>	
240-Breakfast & Lunch Program	\$ 60,000	199-General Fund	\$ 845,000
699-Capital Projects Fund	785,000		
Total	<u>\$ 845,000</u>	Total	<u>\$ 845,000</u>

F. Bonds Payable and Debt Service Requirements

Bonded indebtedness and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Long-term debt includes general obligation serial bonds. Bond premiums and discounts are amortized using the effective interest method.

In 2011, the District issued Unlimited Tax Refunding Bonds, Series 2011 in the amount of \$3,360,000. In the governmental fund financial statements, bond indebtedness of the District current requirement for principal and interest expenditure are accounted for in the Debt Service Fund. The District paid \$165,000 in principal and \$52,275 in interest.

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

In 2012, the District issued Unlimited Tax Refunding Bonds, Series 2012 in the amount of \$4,965,000. In the governmental fund financial statements, bond indebtedness of the District current requirement for principal and interest expenditure are accounted for in the Debt Service Fund. The District paid \$105,000 in principal and \$156,475 in interest.

In 2021, the District issued Unlimited Tax Refunding Bonds, Series 2020 in the amount of \$2,150,000 to refund Series 2011. The escrow payment of \$2,235,347 was used to provide debt service payments on the Series 2011 when called on August 15, 2021. As a result, the Series 2011 has an outstanding balance of \$170,000 as of June 30, 2021. The remaining payment of \$170,000 will be paid in 2022. The refunding resulted in a gross savings of \$214,189 and net present value benefit of \$195,931. Bond proceeds are accounted for in the Debt Service Fund as other financing sources in the amount of \$2,150,000 for refunding bonds issued and \$166,523 for premium on issuance of bonds. The District paid \$81,176 in bond issuance costs and \$14,885 in interest.

The following is a summary of the changes in the District's general long-term debt for the year ended June 30, 2021:

Description	Interest Rate	Original Issue Amount	Amounts Outstanding 7/1/2020	Issued	Retired	Amounts Outstanding 6/30/2021
Unlimited Tax Refunding Series 2011	2% - 4%	3,360,000	2,485,000	- (a)	165,000 (b)	170,000
Unlimited Tax Refunding Series 2012	2%	4,965,000	4,410,000	- (a)	105,000	4,305,000
Unlimited Tax Refunding Series 2020	1.79% - 5%	2,150,000	- (b)	2,150,000	-	2,150,000
Total General Obligations			<u>6,895,000</u>	<u>2,150,000</u>	<u>2,420,000</u>	<u>6,625,000</u>

(a) Annual debt payments total \$270,000

(b) Refunding of Series 2011 of \$2,150,000

Bonded debt service requirements are as follows:

General Obligation Bonds			
Year Ending June 30,	Principal	Interest	Total
2022	305,000	314,912	619,912
2023	305,000	217,200	522,200
2024	295,000	204,437	499,437
2025	305,000	191,199	496,199
2026	315,000	177,499	492,499
2027-2031	1,825,000	704,155	2,529,155
2032-2036	2,230,000	422,106	2,652,106
2037-2038	1,045,000	42,300	1,087,300
Total	<u>6,625,000</u>	<u>2,273,808</u>	<u>8,898,808</u>

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium on issuance of bonds, net of accumulated amortization, totaled \$322,738 at June 30, 2021. Bond premium/discount proceeds are deferred and amortized over the life of the bonds. Premium/discount proceeds on the issuance of the Bonds, Series 2020 of \$166,523 was added during the year ended June 30, 2021. The current year amortization for the premium/discount of \$20,590 is reflected in the Statement of Activities for the year ended June 30, 2021.

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

	Series 2011	Series 2012	Series 2020	Total
Premium on bonds	36,943	176,805		213,748
Refunding of bond	(36,943)	-	166,523	129,580
Current year amortization	-	(13,959)	(6,631)	(20,590)
	<u>-</u>	<u>162,846</u>	<u>159,892</u>	<u>322,738</u>

The deferred charge on refunding bonds, net of accumulated amortization, totaled \$307,806 at June 30, 2021. Amortization of \$24,327 is reflected in the Statement of Activities for the year ended June 30, 2021.

	Series 2012	Series 2020	Total
Deferred Charge on Refunding	283,729	48,404	332,133
Current Year Amortization	<u>(22,400)</u>	<u>(1,927)</u>	<u>(24,327)</u>
Total	<u>261,329</u>	<u>46,477</u>	<u>307,806</u>

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

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

G. Maintenance Tax Note Obligations

In 2011, the District issued \$500,000 of qualified school construction bonds. The bonds had a stated rate of 6.68% and will mature in 2025. In the governmental fund financial statements, maintenance tax note obligations of the District current requirements are accounted for in the General Fund in Function 71, 72 and 73 – Debt Service for payment of principal, interest and fees, respectively. During the year ended June 30, 2021, the District paid \$36,000 in principal and \$3,071 in interest.

A summary of changes in Maintenance Tax Note Obligations for the year ended June 30, 2021 is as follows:

Description	Interest Rate	Original Issue Amount	Amounts Outstanding 7/1/2020	Issued	Retired	Amounts Outstanding 6/30/2021
Maintenance Tax Notes, 2011	6.68%	500,000	257,000	-	36,000	221,000
			<u>257,000</u>	<u>-</u>	<u>36,000</u>	<u>221,000</u>

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

Maintenance Tax Note Obligations requirements are as follows:

Maintenance Tax Note Obligations Direct Borrowing			
Year Ending June 30,	Principal	Interest	Total
2022	39,000	14,763	53,763
2023	41,000	12,158	53,158
2024	44,000	9,419	53,419
2025	47,000	6,480	53,480
2026	50,000	3,340	53,340
Total	221,000	46,160	267,160

H. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Unlimited Tax Refunding Bonds, Series 2011					
Current Interest Bonds	2,485,000	-	2,315,000	170,000	170,000
Unlimited Tax Refunding Bonds, Series 2012					
Current Interest Bonds	4,410,000	-	105,000	4,305,000	105,000
Unlimited Tax Refunding Bonds, Series 2020					
Current Interest Bonds	-	2,150,000	-	2,150,000	30,000
Maintenance Tax Notes, 2011	257,000	-	36,000	221,000	39,000
Total General Obligations	7,152,000	2,150,000	2,456,000	6,846,000	344,000
Unamortized Premium					
Series 2011	36,943	-	36,943	-	-
Series 2012	176,805	-	13,959	162,846	-
Series 2020	-	166,523	6,631	159,892	-
Compensated Absences	21,750	5,100	-	26,850	-
Net Pension Liability	2,004,846	7,034	143,906	1,867,974	-
Net OPEB Liability	3,147,161	-	552,909	2,594,252	-
Subtotal	5,387,505	178,657	754,348	4,811,814	-
Total Governmental Activities	12,539,505	2,328,657	3,210,348	11,657,814	344,000

I. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for future rental payments as of June 30, 2021, as follows:

Year Ending June 30,	Payments
2022	\$ 35,916
2023	23,944
Total Minimum Rentals	\$ 59,860

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

J. Risk Management

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

K. Defined Benefit Pension Plan (TRS)

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.

Plan Description. Prairiland 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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detailed information about the 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 www.trs.texas.gov/TRS%20Documents/cafr2019.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

	Contribution Rates	
	2020	2021
Member (Employees)	7.70%	7.70%
Employer (District)	7.50%	7.50%
Non-Employer Contributing Entity (State)	7.50%	7.50%
Member Contributions	498,231	508,885
Employer Contributions	201,388	153,096
NECE On-Behalf Contributions	335,452	439,814

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

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

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

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter school, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected 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 are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation reported dated November 14, 2019.

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

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

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

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

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation¹ %	Long-Term Expected Arithmetic Real Rate of Return²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Development	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%
Stable Value Hedge	5.0%	1.9%	0.11%
Real Return			
Real Estate	15.0%	4.6%	1.01%
Energy, Natural Reserves	6.0%	6.0%	0.42%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag³			-0.67%
Total	100.00%		7.33%

¹ Target allocations are based on the FY 2020 policy manual.

² Capital Asset Market Assumptions come from Aon Hewitt (as of 8/31/2020).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

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

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
Proportionate Share of the Net Pension Liability	\$ 2,880,382	\$ 1,867,974	\$ 1,045,414

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, Prairiland ISD reported a liability of \$1,867,974 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Prairiland ISD. The amount recognized by Prairiland ISD 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 Prairiland ISD were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 1,867,974
State's Proportionate Share that is Associated with District	5,709,022
Total	<u>\$ 7,576,996</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 thru August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0034877617% which was an increase (decrease) of (0.0003689626%) 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.

For the year ended June 30, 2021, Prairiland School recognized pension expense of \$979,186 and revenue of \$686,669 for support provided by the State.

At June 30, 2021, Prairiland School reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience	3,411	52,130
Changes in Actuarial Assumptions	433,436	184,294
Net Difference between projected and actual investment earnings	37,815	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	91,866	155,522
Total as of August 31, 2020 measurement date	566,528	391,946
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	129,263	-
Total as of June 30, 2021 fiscal year end	695,791	391,946

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

Year Ended June 30,	Pension Expense Amount
2022	\$ 91,673
2023	68,139
2024	62,255
2025	3,952
2026	(43,414)
Thereafter	(8,023)
Total	<u>\$ 174,582</u>

L. Defined Other Post-Employment Benefit Plans

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

Plan Description. Prairiland 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 TRS-Care program was established in 1986 by the Texas Legislature.

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

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

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/Pages/aboutpublications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

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

TRS-Care Monthly Premium Rates

	<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 school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

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

	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Member Contributions	42,613	42,959
Employer Contributions	50,984	52,029
Measurement Year NECE On-behalf Contributions	62,756	69,700

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

Actuarial Assumptions

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

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

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
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).

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 Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Election Rates	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Expenses	3.05% to 9.05%, including inflation
Salary Increases	
Ad Hoc Post-Employment Benefit Changes	None

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

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

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

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

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's Proportionate Share of Net OPEB Liability	\$ 3,133,097	\$ 2,594,252	\$ 2,184,440

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2021 the District reported a liability of \$2,594,252 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$ 2,594,252
State's Proportionate Share that is Associated with District	<u>3,486,053</u>
Total	<u>\$ 6,080,305</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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 0.0068243726%, which was an increase (decrease) of 0.0001695245% from its proportion measured as of August 31, 2019.

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

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

	1% Decrease	Current Healthcare Cost Trend Rate (8.5%)	1% Increase
District's Proportionate Share of Net OPEB Liability	\$ 2,119,172	\$ 2,594,252	\$ 3,226,992

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate 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.

Change of Benefit Terms Since the Prior Measurement Date – There were not changes in benefit terms since the prior measurement date.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience	135,834	1,187,262
Changes in Actuarial Assumptions	160,011	712,395
Net Difference between projected and actual investment earnings	843	-
Changes in proportion and difference between the employer's contributions and	186,370	42,877
Total as of August 31, 2020 measurement date	483,058	1,942,534
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	43,568	-
Total as of June 30, 2021 fiscal year end	526,626	1,942,534

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB recognized in OPES expense as follows:

Year Ended June 30,	Pension Expense Amount
2022	\$ (246,372)
2023	(246,485)
2024	(246,550)
2025	(246,534)
2026	(177,240)
Thereafter	(296,295)
Total	<u>\$ (1,459,476)</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$(48,354) and revenue of \$(24,206) for support provided by the State.

M. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on behalf of the District were \$32,654, \$27,417, and \$19,225, respectively.

N. Employee Health Care Coverage

During the year ended June 30, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$351 per pay period per employee and dependents to the Plan. All premiums were paid to a self-funded pool. The Plan was authorized by Article 3.51- 2, Texas Insurance Code and was documented by contractual agreement.

O. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the granter agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the granter agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at June 30, 2021.

3. COVID-19 Pandemic

On March 13, 2020, Texas Governor Greg Abbott declared Texas in a state of disaster as a result of the COVID-19 pandemic. The Governor has issued proclamations renewing the disaster declarations for all Texas counties in each subsequent month effective through the date of this report. The pandemic will most probably have a significant effect on governmental and private entities. The extent of the effect cannot, at this time, be estimated or quantified.

P. Shared Services Arrangements

The fiscal agent receives the monies from TEA and Region VIII and administers the program. The Fiscal agent manages the shared services arrangement's financial matters, including budgeting, accounting, auditing and reporting. Certain management decisions may be made by an executive board or committee of participating members.

The District participates in a shared services arrangement ("SSA") for a federal program with the following fiscal agents.

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

<u>Program</u>	<u>Fiscal Agent</u>
IDEA-B Formula	North Lamar ISD for Lamar County Cooperative
IDEA-B Preschool	North Lamar ISD for Lamar County Cooperative
Carl Perkins	Region VIII Education Service Center for Lamar County Cooperative
Title III Part A	Region VIII Education Service Center for Lamar County Cooperative

The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Prairiland ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

Q. Tax Abatements

Prairiland ISD entered into property tax abatement agreements with local businesses under Texas Tax Code, Title 3. Subtitle B. Chapter 313. Texas Economic Development Act (the Act), beginning March 11, 2019 through March 5, 2020. Under the Act, Texas school districts may grant property tax abatements according to the category of taxable value of property in the District for the preceding tax year. Prairiland Independent School District is a Category III district which limits the minimum amount per qualified investment to \$20 million. The qualified property is limited only from the maintenance and operation property tax. The tax abatements, which are approved by the Texas Comptroller's office and the District's board of trustees, are granted for the purpose of enhancing the local community; improving the public education system; creating high-paying jobs; and advancing the economic development goals.

At June 30, 2021 the District had entered into four completed Chapter 313 agreements with Samson Solar Energy, Samson Solar Energy II, LLC, Samson Solar Energy III, LLC and G.S.E. Twelve Solar. The completed agreements were for the local businesses to invest a combined capital of \$841,000,000 on a long-term basis for a minimum valuation limitation of \$20,000,000 per agreement. In addition to the tax abatement, the local business has committed to pay supplemental payments to the district in the amount of \$100 per ADA. These companies paid a total of \$426,600 to the District in the current year.

R. Revenue from Local and Intermediate Sources

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

<u>Revenue Sources</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Governmental Funds Total</u>
Property taxes & related income	\$ 3,194,165	\$ 380,074	\$ -	\$ 3,574,239
Investment income	30,828	7,038	62	37,928
Tuition & Fees	26,779	-	-	26,779
Interfund Transactions	19,178	-	-	19,178
Food service revenue	-	-	17,040	17,040
Athletics/Cocurricular	54,393	-	69,190	123,583
Other local and intermediate sources	16,123	-	4,340	20,463
	<u>\$ 3,341,466</u>	<u>\$ 387,112</u>	<u>\$ 90,632</u>	<u>\$ 3,819,210</u>

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

S. Prior Period Adjustment

During fiscal year 2021, the District adopted GASB Statement No. 84 for Fiduciary Activities. With GASB 84, the District evaluated all fiduciary funds to determine the proper classification of custodial funds. Adoption of GASB 84 requires a prior period adjustment to report the effect of GASB 84 retroactively. The amount of the prior period adjustment for activity funds reclassified to a Custodial Fund is reflected on the Statement of Changes in Fiduciary Net Position as \$110,911. The restated beginning net position is \$110,911.

T. Subsequent Events

Management has evaluated subsequent events through November 9, 2021, the date the financials were available to be distributed and noted no other events to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,859,412	\$ 3,109,412	\$ 3,341,466	\$ 232,054
5800	State Program Revenues	8,508,293	8,508,293	7,887,966	(620,327)
5900	Federal Program Revenues	700	700	119	(581)
5020	Total Revenues	11,368,405	11,618,405	11,229,551	(388,854)
EXPENDITURES:					
Current:					
0011	Instruction	6,241,555	6,358,554	5,215,836	1,142,718
0012	Instructional Resources and Media Services	147,175	147,175	122,066	25,109
0013	Curriculum and Instructional Staff Development	163,861	163,861	124,644	39,217
0023	School Leadership	822,451	822,451	819,298	3,153
0031	Guidance, Counseling, and Evaluation Services	152,317	154,317	142,375	11,942
0033	Health Services	93,925	151,925	80,975	70,950
0034	Student (Pupil) Transportation	489,636	489,636	398,613	91,023
0035	Food Services	15,600	15,600	12,552	3,048
0036	Extracurricular Activities	586,958	586,958	469,239	117,719
0041	General Administration	558,353	597,353	558,371	38,982
0051	Facilities Maintenance and Operations	1,143,459	1,646,018	1,504,309	141,709
0052	Security and Monitoring Services	18,900	18,900	1,813	17,087
0053	Data Processing Services	186,966	206,966	135,825	71,141
Debt Service:					
0071	Principal on Long-Term Debt	36,000	36,000	36,000	-
0072	Interest on Long-Term Debt	5,000	5,000	3,071	1,929
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	609,000	626,000	625,709	291
0099	Other Intergovernmental Charges	46,000	46,000	45,960	40
6030	Total Expenditures	11,317,156	12,072,714	10,296,656	1,776,058
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	51,249	(454,309)	932,895	1,387,204
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(51,249)	(921,249)	(845,000)	76,249
1200	Net Change in Fund Balances	-	(1,375,558)	87,895	1,463,453
0100	Fund Balance - July 1 (Beginning)	9,209,850	9,209,850	9,209,850	-
3000	Fund Balance - June 30 (Ending)	\$ 9,209,850	\$ 7,834,292	\$ 9,297,745	\$ 1,463,453

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

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.003487762%	0.003856724%	0.003845376%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,867,974	\$ 2,004,846	\$ 2,116,588
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	5,709,022	4,982,277	5,559,655
Total	<u>\$ 7,576,996</u>	<u>\$ 6,987,123</u>	<u>\$ 7,676,243</u>
District's Covered Payroll	\$ 6,580,433	\$ 5,882,021	\$ 5,836,831
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	28.39%	34.08%	36.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 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>	
0.00388312%		0.003970222%		0.0041902%		0.0018565%	
\$	1,241,612	\$	1,500,288	\$	1,481,180	\$	495,897
3,338,890		4,128,195		3,996,795		3,338,835	
\$	4,580,502	\$	5,628,483	\$	5,477,975	\$	3,834,732
\$	5,717,791	\$	5,722,339	\$	5,579,402	\$	5,294,601
21.71%		26.22%		26.55%		9.37%	
82.17%		78.00%		78.43%		83.25%	

PRAIRILAND 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	\$ 153,096	\$ 201,388	\$ 132,779
Contribution in Relation to the Contractually Required Contribution	(153,096)	(201,388)	(132,779)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 6,609,783	\$ 6,470,531	\$ 5,826,738
Contributions as a Percentage of Covered Payroll	2.32%	3.11%	2.27%

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	
\$	130,015	\$	127,497	\$	124,961	\$	110,911
	(130,015)		(127,497)		(124,961)		(110,911)
\$	-	\$	-	\$	-	\$	-
<hr/>		<hr/>		<hr/>		<hr/>	
\$	5,796,356	\$	5,759,199	\$	5,653,891	\$	5,556,141
	2.24%		2.21%		2.21%		2.00%

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

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.006824373%	0.006654848%	0.006743281%	\$ 0.006520663%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 2,594,252	\$ 3,147,161	\$ 3,366,982	\$ 2,835,592
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,486,053	4,181,871	5,067,301	\$ 4,557,180
Total	<u>\$ 6,080,305</u>	<u>\$ 7,329,032</u>	<u>\$ 8,434,283</u>	<u>\$ 7,392,772</u>
District's Covered Payroll	\$ 6,580,433	\$ 5,882,021	\$ 5,836,831	\$ 5,717,791
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	39.42%	53.50%	57.79%	\$ 49.59%
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.

PRAIRILAND 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	\$ 52,029	\$ 50,984	\$ 46,886	\$ 45,743
Contribution in Relation to the Contractually Required Contribution	(52,029)	(50,984)	46,886	(45,743)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 6,609,783	\$ 6,470,531	\$ 5,826,738	\$ 5,796,356
Contributions as a Percentage of Covered Payroll	0.79%	0.79%	0.80%	0.78%

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.

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit Terms.

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

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

Changes of Assumptions.

There were no changes in benefit terms 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 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

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
ASSETS			
1110 Cash and Cash Equivalents	\$ (37,661)	\$ (78,279)	\$ (10,223)
1120 Investments - Current	-	-	-
1220 Property Taxes - Delinquent	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-
1240 Due from Other Governments	37,650	34,821	6,388
1260 Due from Other Funds	12,942	83,843	3,835
1300 Inventories	-	10,354	-
1000 Total Assets	<u>\$ 12,931</u>	<u>\$ 50,739</u>	<u>\$ -</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ 319	\$ -
2160 Accrued Wages Payable	11,336	35,051	-
2170 Due to Other Funds	-	-	-
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	1,595	4,967	-
2300 Unearned Revenue	-	9,659	-
2000 Total Liabilities	<u>12,931</u>	<u>49,996</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	743	-
3480 Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:			
3510 Construction	-	-	-
3545 Other Committed Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>743</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,931</u>	<u>\$ 50,739</u>	<u>\$ -</u>

EXHIBIT H-1 (Cont'd)

266 ESSER -School Emergency Relief I	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
\$ 148,477	\$ (7,655)	\$ (25)	\$ 11,523	\$ -	\$ 101,301	\$ 127,458	\$ 437,075
-	-	-	-	-	-	-	1,250
-	-	-	-	-	-	-	58,887
-	-	-	-	-	-	-	(15,986)
-	7,655	5,600	-	-	-	92,114	997
-	-	25	-	-	-	100,645	-
-	-	-	-	-	-	10,354	-
<u>\$ 148,477</u>	<u>\$ -</u>	<u>\$ 5,600</u>	<u>\$ 11,523</u>	<u>\$ -</u>	<u>\$ 101,301</u>	<u>\$ 330,571</u>	<u>\$ 482,223</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319	\$ -
-	-	-	-	-	-	46,387	-
148,477	-	5,600	-	-	-	154,077	-
-	-	-	-	-	-	-	107,325
-	-	-	-	-	-	6,562	-
-	-	-	11,523	-	-	21,182	-
<u>148,477</u>	<u>-</u>	<u>5,600</u>	<u>11,523</u>	<u>-</u>	<u>-</u>	<u>228,527</u>	<u>107,325</u>
-	-	-	-	-	-	-	40,903
-	-	-	-	-	-	-	40,903
-	-	-	-	-	-	743	-
-	-	-	-	-	-	-	333,995
-	-	-	-	-	-	-	-
-	-	-	-	-	101,301	101,301	-
-	-	-	-	-	101,301	102,044	333,995
<u>\$ 148,477</u>	<u>\$ -</u>	<u>\$ 5,600</u>	<u>\$ 11,523</u>	<u>\$ -</u>	<u>\$ 101,301</u>	<u>\$ 330,571</u>	<u>\$ 482,223</u>

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

Data Control Codes		699 Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ (70,374)	\$ 494,159
1120	Investments - Current	-	1,250
1220	Property Taxes - Delinquent	-	58,887
1230	Allowance for Uncollectible Taxes	-	(15,986)
1240	Due from Other Governments	-	93,111
1260	Due from Other Funds	785,000	885,645
1300	Inventories	-	10,354
1000	Total Assets	<u>\$ 714,626</u>	<u>\$ 1,527,420</u>
LIABILITIES			
2110	Accounts Payable	\$ 92,449	\$ 92,768
2160	Accrued Wages Payable	-	46,387
2170	Due to Other Funds	-	154,077
2180	Due to Other Governments	-	107,325
2200	Accrued Expenditures	-	6,562
2300	Unearned Revenue	-	21,182
2000	Total Liabilities	<u>92,449</u>	<u>428,301</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	-	40,903
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>40,903</u>
FUND BALANCES			
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	743
3480	Retirement of Long-Term Debt	-	333,995
Committed Fund Balance:			
3510	Construction	622,177	622,177
3545	Other Committed Fund Balance	-	101,301
3000	Total Fund Balances	<u>622,177</u>	<u>1,058,216</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 714,626</u>	<u>\$ 1,527,420</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ 21,442	\$ -
5800 State Program Revenues	-	2,118	-
5900 Federal Program Revenues	123,051	412,200	25,961
5020 Total Revenues	123,051	435,760	25,961
EXPENDITURES:			
Current:			
0011 Instruction	123,051	-	25,961
0012 Instructional Resources and Media Services	-	-	-
0023 School Leadership	-	-	-
0033 Health Services	-	-	-
0035 Food Services	-	495,017	-
0036 Extracurricular Activities	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	-
0072 Interest on Long-Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	123,051	495,017	25,961
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(59,257)	-
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	-
7915 Transfers In	-	60,000	-
7916 Premium or Discount on Issuance of Bonds	-	-	-
8949 Other (Uses)	-	-	-
7080 Total Other Financing Sources (Uses)	-	60,000	-
1200 Net Change in Fund Balance	-	743	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 743	\$ -

EXHIBIT H-2 (Cont'd)

266 ESSER -School Emergency Relief I	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,190	\$ 90,632	\$ 387,112
-	-	-	127,099	19,188	-	148,405	43,335
224,660	15,500	11,480	-	-	-	812,852	-
224,660	15,500	11,480	127,099	19,188	69,190	1,051,889	430,447
180,522	15,500	11,480	137,879	-	376	494,769	-
-	-	-	-	-	1,638	1,638	-
-	-	-	-	-	43,042	43,042	-
44,138	-	-	-	-	-	44,138	-
-	-	-	-	-	-	495,017	-
-	-	-	-	-	27,593	27,593	-
-	-	-	-	19,188	-	19,188	-
-	-	-	-	-	-	-	270,000
-	-	-	-	-	-	-	223,635
-	-	-	-	-	-	-	82,426
-	-	-	-	-	-	-	-
224,660	15,500	11,480	137,879	19,188	72,649	1,125,385	576,061
-	-	-	(10,780)	-	(3,459)	(73,496)	(145,614)
-	-	-	-	-	-	-	2,150,000
-	-	-	-	-	-	60,000	-
-	-	-	-	-	-	-	166,523
-	-	-	-	-	-	-	(2,235,347)
-	-	-	-	-	-	60,000	81,176
-	-	-	(10,780)	-	(3,459)	(13,496)	(64,438)
-	-	-	10,780	-	104,760	115,540	398,433
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,301	\$ 102,044	\$ 333,995

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

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ -	\$ 477,744
5800 State Program Revenues	-	191,740
5900 Federal Program Revenues	-	812,852
5020 Total Revenues	-	1,482,336
EXPENDITURES:		
Current:		
0011 Instruction	-	494,769
0012 Instructional Resources and Media Services	-	1,638
0023 School Leadership	-	43,042
0033 Health Services	-	44,138
0035 Food Services	-	495,017
0036 Extracurricular Activities	-	27,593
0051 Facilities Maintenance and Operations	-	19,188
Debt Service:		
0071 Principal on Long-Term Debt	-	270,000
0072 Interest on Long-Term Debt	-	223,635
0073 Bond Issuance Cost and Fees	-	82,426
Capital Outlay:		
0081 Facilities Acquisition and Construction	162,823	162,823
6030 Total Expenditures	162,823	1,864,269
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(162,823)	(381,933)
OTHER FINANCING SOURCES (USES):		
7911 Capital Related Debt Issued	-	2,150,000
7915 Transfers In	785,000	845,000
7916 Premium or Discount on Issuance of Bonds	-	166,523
8949 Other (Uses)	-	(2,235,347)
7080 Total Other Financing Sources (Uses)	785,000	926,176
1200 Net Change in Fund Balance	622,177	544,243
0100 Fund Balance - July 1 (Beginning)	-	513,973
3000 Fund Balance - June 30 (Ending)	\$ 622,177	\$ 1,058,216

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ 187,981,932
2013	1.040000	0.129500	193,918,427
2014	1.040000	0.129500	198,589,743
2015	1.040000	0.129500	212,375,202
2016	1.040000	0.129500	211,233,887
2017	1.040000	0.129500	211,447,047
2018	1.040000	0.129500	215,143,138
2019	1.040000	0.129500	222,756,838
2020	0.970000	0.129500	250,052,729
2021 (School year under audit)	0.966400	0.129500	282,429,692
1000 TOTALS			

EXHIBIT J-1

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 117,075	\$ -	\$ 7,512	\$ 1,024	\$ (3,162)	\$ 105,377
16,050	-	2,972	367	(406)	12,305
18,054	-	3,545	438	(9)	14,062
26,955	-	5,239	647	-	21,069
34,576	-	6,799	840	(165)	26,772
36,198	-	8,112	1,003	(7)	27,076
40,395	-	10,742	1,328	-	28,325
51,262	-	11,520	1,424	36,788	75,106
101,563	-	46,715	6,370	26,995	75,473
-	3,095,147	2,634,992	355,918	17,979	122,216
<u>\$ 442,128</u>	<u>\$ 3,095,147</u>	<u>\$ 2,738,148</u>	<u>\$ 369,359</u>	<u>\$ 78,013</u>	<u>\$ 507,781</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 126,050	\$ 126,050	\$ 21,442	\$ (104,608)
5800 State Program Revenues	2,600	2,600	2,118	(482)
5900 Federal Program Revenues	385,133	385,133	412,200	27,067
5020 Total Revenues	513,783	513,783	435,760	(78,023)
EXPENDITURES:				
Current:				
0035 Food Services	565,032	565,032	495,017	70,015
6030 Total Expenditures	565,032	565,032	495,017	70,015
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,249)	(51,249)	(59,257)	(8,008)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	51,249	136,249	60,000	(76,249)
1200 Net Change in Fund Balances	-	85,000	743	(84,257)
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 85,000	\$ 743	\$ (84,257)

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)		
	Original	Final				
REVENUES:						
5700	Total Local and Intermediate Sources		\$ 373,846	\$ 373,846	\$ 387,112	\$ 13,266
5800	State Program Revenues		122,110	122,110	43,335	(78,775)
5020	Total Revenues		495,956	495,956	430,447	(65,509)
EXPENDITURES:						
Debt Service:						
0071	Principal on Long-Term Debt		270,000	270,000	270,000	-
0072	Interest on Long-Term Debt		256,475	256,475	223,635	32,840
0073	Bond Issuance Cost and Fees		2,500	82,426	82,426	-
6030	Total Expenditures		528,975	608,901	576,061	32,840
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		(33,019)	(112,945)	(145,614)	(32,669)
OTHER FINANCING SOURCES (USES):						
7911	Capital Related Debt Issued		-	2,150,000	2,150,000	-
7916	Premium or Discount on Issuance of Bonds		-	166,523	166,523	-
8949	Other (Uses)		-	(2,235,347)	(2,235,347)	-
7080	Total Other Financing Sources (Uses)		-	81,176	81,176	-
1200	Net Change in Fund Balances		(33,019)	(31,769)	(64,438)	(32,669)
0100	Fund Balance - July 1 (Beginning)		398,433	398,433	398,433	-
3000	Fund Balance - June 30 (Ending)		\$ 365,414	\$ 366,664	\$ 333,995	\$ (32,669)

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

Prairiland 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.	848,837
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	590,509

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.	17,042
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	32,062

**COMPLIANCE, INTERNAL CONTROL, AND
FEDERAL AWARDS SECTION**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

Independent Auditor's Report

Board of Trustees
Prairiland Independent School District
466 FM 196
South Pattonville, Texas 75468

Members of the Board:

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 Prairiland Independent School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Prairiland Independent School District's internal control over financial reporting (internal control) as a basis for designing 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.

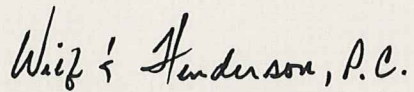
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

November 9, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Trustees
Prairiland Independent School District
466 FM 196 South
Pattonville, TX 75468

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Prairiland Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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 Prairiland Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Prairiland Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Prairiland Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Prairiland Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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.

This purpose of this report in 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

November 9, 2021

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

I. Summary of Auditor's Results:

- a. The type of report issued on the financial statements of the Prairiland Independent School District was an unmodified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instance of noncompliance material to the financial statements of the Prairiland Independent School District was disclosed during the audit.
- d. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. No audit findings relative to the major federal awards programs were disclosed by the audit that were required to be reported under 2 CFR 200.516(a).
- g. The programs test as major programs was:

ESSER School Emergency Relief I	CFDA# 84.425D
ESSER School Emergency Relief II	CFDA# 84.425D
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000
- i. Prairiland Independent School District was determined not be a low-risk auditee.

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

No findings were required to be reported.

III. Findings and Responses for Federal Awards Including Audit Findings as Described in I.f above.

No findings were required to be reported.

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

There were no prior year audit findings or questioned costs.

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

There were no current year audit findings or questioned costs.

PRAIRILAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21-610101139912	\$ 123,051
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21-694501139912	25,961
Title I SIP Academy Grant	84.377A	21-1760740139912	15,500
ESSER School Emergency Relief I	84.425D	20-521001139912	148,477
ESSER School Emergency Relief I	84.425D	21-521001139912	76,183
ESSER School Emergency Relief II	84.425D	21-528001139912	572,840
Total CFDA Number 84.425D			797,500
Title IV, Part A, Subpart 1	84.424A	21-680101139912	11,480
Total Passed Through State Department of Education			973,492
TOTAL U.S. DEPARTMENT OF EDUCATION			973,492
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	N/A	119
Total Passed Through Texas Dept of Human Services			119
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			119
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	97,675
*National School Lunch Program - Cash Assistance	10.555	N/A	280,992
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	33,533
Total CFDA Number 10.555			314,525
Total Child Nutrition Cluster			412,200
Total Passed Through the State Department of Agriculture			412,200
TOTAL U.S. DEPARTMENT OF AGRICULTURE			412,200
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,385,811

*Clustered Programs as required by Compliance Supplement 2021

**PRAIRILAND INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

- 1 For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted or committed to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
- 2 The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. 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, the Expendable Trust Funds, and Agency Funds. 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 deferred revenues until earned.

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

3. The period of availability 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 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Uniform Guidance Supplement.
4. Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.

SCHOOLS FIRST QUESTIONNAIRE

Prairiland 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