

FLATONIA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND  
COMPLIANCE REPORT  
FOR THE YEAR ENDED  
AUGUST 31, 2021



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



FLATONIA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2021

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	<b>CERTIFICATE OF BOARD</b>	1
	<b>FINANCIAL SECTION</b>	
	Independent Auditor's Report	5
	Management's Discussion and Analysis	9
	Basic Financial Statements:	
	Government-wide Statements:	
A-1	Statement of Net Position	20
B-1	Statement of Activities	21
	Governmental Fund Financial Statements:	
C-1	Balance Sheet – Governmental Funds	22
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	24
C-2R	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	27
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position – Proprietary Funds	28
D-2	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	29
D-3	Statement of Cash Flows – Proprietary Funds	31
	Fiduciary Fund Financial Statements:	
E-1	Statement of Net Position – Fiduciary Funds	32
E-2	Statement of Changes in Net Position – Fiduciary Funds	33
	Notes to the Financial Statements	35
	Required Supplementary Information:	
G-1	Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System	64
G-2	Schedule of District Contributions – Teacher Retirement System	66
G-3	Schedule of the District's Proportionate Share of the Net OPEB Liability – Texas Public School Retired Employees Group Insurance Plan	69
G-4	Schedule of District Contributions – Texas Public School Retired Employees Group Insurance Plan	70
	Notes to Required Supplementary Information	73
	Combining and Individual Fund Statements and Schedules:	
H-1	Combining Balance Sheet – Nonmajor Governmental Funds	76
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	80



FLATONIA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2021

TABLE OF CONTENTS  
(Continued)

**FINANCIAL SECTION (Continued)**

J-1	Combining and Individual Fund Statements and Schedules (Continued): Schedule of Delinquent Taxes Receivable	84
J-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Nutrition Fund	86
J-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	87
L-1	Schedule of Required Responses to Selected School First Indicators	89

**FEDERAL AWARDS SECTION**

	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	93
	Schedule of Findings and Questioned Costs	97



CERTIFICATE OF BOARD

Flatonia Independent School District  
Name of School District

Fayette  
County

075-901  
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 8<sup>th</sup> day of November, 2021.

  
Signature of Board Secretary

  
Signature of Board President

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

*THIS PAGE LEFT BLANK INTENTIONALLY*

## **FINANCIAL SECTION**

*THIS PAGE LEFT BLANK INTENTIONALLY*



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Flatonia Independent School District

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 Flatonia Independent School District as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*THIS PAGE LEFT BLANK INTENTIONALLY*

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment liabilities related schedules following the notes to the financial statements 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 Flatonia Independent School District's basic financial statements. The combining statements of individual nonmajor funds and the Texas Education Agency required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements of individual nonmajor funds and the Texas Education Agency required schedules 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 statements and the Texas Education Agency required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021 on our consideration of Flatonia Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Flatonia Independent School District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC  
Cedar Park, Texas

October 22, 2021

*THIS PAGE LEFT BLANK INTENTIONALLY*

FLATONIA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021

## MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Flatonia Independent School District (the “District”) discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2021. Please read this information in conjunction with the District’s basic financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District’s net position for governmental activities increased by \$613,561 as a result of this year’s current operations, to end at \$12,400,760.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds, the Capital Projects Fund, and the Debt Service Fund) reported an overall fund balance decrease of \$1,474,944, to end at \$7,393,703.
- The General Fund of the District reported a fund balance increase of \$824,311 for the year, to end at \$6,426,809.

## OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor’s report, management’s discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

### Independent Auditor’s Report

State law requires the District’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The District received an *Unmodified* opinion on its financial statements this year.

### Management’s Discussion and Analysis

The Management’s Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

### Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

FLATONIA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's child nutrition and debt service functions.

**OVERVIEW OF THE FEDERAL AWARDS SECTION**

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists any audit findings reported by the audit firm for the year.

**Reporting the District as a Whole**

***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

FLATONIA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021

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

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

FLATONIA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

FLATONIA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$11,787,199 to \$12,400,760. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$2,453,218 at August 31, 2021. The increase in governmental net position was primarily due to factors such as an increase in state aid – formula grants during the year.

**Table I**  
**Flatonia Independent School District**  
**Net Position**

	Governmental Activities 2021	Governmental Activities 2020	Change
Current & Other Assets	\$ 8,818,136	\$ 11,993,717	\$ (3,175,581)
Capital Assets	24,582,583	22,624,652	1,957,931
Total Assets	<u>33,400,719</u>	<u>34,618,369</u>	<u>(1,217,650)</u>
Deferred Outflows of Resources	<u>1,729,802</u>	<u>1,561,761</u>	<u>168,041</u>
Current Liabilities	1,228,459	2,893,880	(1,665,421)
Long-Term Liabilities	19,520,743	20,043,794	(523,051)
Total Liabilities	<u>20,749,202</u>	<u>22,937,674</u>	<u>(2,188,472)</u>
Deferred Inflows of Resources	<u>1,980,559</u>	<u>1,455,257</u>	<u>525,302</u>
Net Position:			
Net Investment in Capital Assets	9,007,708	9,133,914	(126,206)
Restricted	939,834	820,539	119,295
Unrestricted	<u>2,453,218</u>	<u>1,832,746</u>	<u>620,472</u>
Total Net Position	<u>\$ 12,400,760</u>	<u>\$ 11,787,199</u>	<u>\$ 613,561</u>

FLATONIA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021

**Table II**  
**FLATONIA INDEPENDENT SCHOOL DISTRICT**  
**Changes in Net Position**

	Governmental Activities 2021	Governmental Activities 2020	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 188,228	\$ 186,700	\$ 1,528
Operating Grants & Contributions	946,711	1,070,007	(123,296)
General Revenues:			
Maintenance & Operations Taxes	4,963,330	5,042,184	(78,854)
Debt Service Taxes	854,792	867,857	(13,065)
State Aid - Formula Grants	2,845,974	2,489,653	356,321
Grants & Contributions not Restricted	137,667	87,801	49,866
Investment Earnings	65,023	231,167	(166,144)
Miscellaneous	127,863	84,534	43,329
Total Revenue	10,129,588	10,059,903	69,685
Expenses:			
Instruction	4,643,644	4,555,730	87,914
Instructional Resources & Media Services	77,236	75,449	1,787
Curriculum & Instructional Staff Development	19,299	11,588	7,711
Instructional Leadership	236,835	234,434	2,401
School Leadership	337,055	330,806	6,249
Guidance, Counseling, & Evaluation Services	180,979	100,837	80,142
Social Work Services	19,461	33,273	(13,812)
Health Services	134,294	132,380	1,914
Student Transportation	227,287	226,174	1,113
Food Services	324,683	322,097	2,586
Extracurricular Activities	617,183	589,267	27,916
General Administration	424,510	462,636	(38,126)
Facilities Maintenance and Operations	1,092,103	939,531	152,572
Security and Monitoring Services	41,235	38,428	2,807
Data Processing Services	234,114	259,405	(25,291)
Debt Service	587,804	589,694	(1,890)
Payments to Fiscal Agent	180,288	159,808	20,480
Payments to JJAEP Program	17,680	17,112	568
Other Intergovernmental Charges	120,337	113,053	7,284
Total Expenses	9,516,027	9,191,702	324,325
Tax Abatement Agreement Proceeds	-	75,000	(75,000)
Change in Net Position	613,561	943,201	(329,640)
Net Position at 9/1/20 and 9/1/19	11,787,199	10,843,998	943,201
Net Position at 8/31/21 and 8/31/20	\$ 12,400,760	\$ 11,787,199	\$ 613,561

FLATONIA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021

## THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$6,426,809, which is \$824,311 more than last year's total of \$5,602,498. The increase in fund balance is primarily the result of greater than originally expected local and state program revenues.

The District's Capital Projects Fund reported a fund balance of \$107,411 which is \$2,289,825 less than last year's total of \$2,397,236. This decrease in fund balance is the result of the District expending its 2019 bond proceeds in order to complete various construction projects.

The District's other governmental funds reported combined ending fund balances of \$859,483. This combined balance is \$9,430 less than the previous year.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. There were several budget amendments made during the year, however only the amendment made to the General Fund capital outlay line item was considered to be significant.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of August 31, 2021, the District had \$24,582,583 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2021 and 2020 is as follows:

	Governmental Activities 2021	Governmental Activities 2020	Change
Land	\$ 292,642	\$ 292,642	\$ -
Construction in Progress	12,513,557	12,396,920	116,637
Buildings	16,138,703	13,823,828	2,314,875
Furniture and Equipment	2,476,027	2,184,592	291,435
Total	31,420,929	28,697,982	2,722,947
Less Accumulated Depreciation	(6,838,346)	(6,073,330)	(765,016)
Capital Assets, Net of Depreciation	\$ 24,582,583	\$ 22,624,652	\$ 1,957,931

*THIS PAGE LEFT BLANK INTENTIONALLY*

FLATONIA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2021

## Debt

At year-end, the District had \$15,574,875 in bonds and other long-term debt outstanding versus \$15,915,881 last year. The decrease is attributable to the District making scheduled payments on its long-term debt during the year.

A summary of the ending balances of long-term debt by type for both 2021 and 2020 is as follows:

	Governmental Activities 2021	Governmental Activities 2020	Change
General Obligation Bonds	\$ 15,363,972	\$ 15,639,571	\$ (275,599)
Capital Leases Payable	210,903	276,310	(65,407)
Total	<u>\$ 15,574,875</u>	<u>\$ 15,915,881</u>	<u>\$ (341,006)</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2021-2022 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$7.7 million for the 2021-2022 fiscal year. This reflects an approximate increase of \$100,000 in budgeted expenditures from fiscal year 2020-2021 to fiscal year 2021-2022.

For the 2021-2022 budget year, the District has decreased its maintenance and operations tax rate at \$1.0517 per hundred of taxable value. The District has the capability to call a tax ratification election which could authorize up to \$1.17 cents for maintenance and operations. The District has no current plans to call a tax ratification election. The District adopted a debt service tax rate of \$0.192 for the 2021-2022 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2021-2022 budget year is \$1.2437 per hundred of taxable value.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Flatonia Independent School District, 400 East 4<sup>th</sup> Street, Flatonia, Texas 78941, or by calling 361-865-2940.

*THIS PAGE LEFT BLANK INTENTIONALLY*

## **BASIC FINANCIAL STATEMENTS**

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

Data Control Codes	Primary Government 1 Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 6,732,407
1120 Investments - Current	1,641,024
1225 Property Taxes Receivable, net	203,059
1240 Due from Other Governments	216,590
1290 Other Receivables, net	25,056
Capital Assets:	
1510 Land	292,642
1520 Buildings and Improvements, net	10,785,295
1530 Furniture and Equipment, net	991,089
1580 Construction in Progress	12,513,557
1000 Total Assets	<u>33,400,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflows-Pension	707,988
1706 Deferred Outflows-OPEB	1,021,814
Total Deferred Outflows of Resources	<u>1,729,802</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	279,877
2140 Interest Payable	35,043
2160 Accrued Wages Payable	307,816
2200 Accrued Expenses	604,257
2300 Unearned Revenue	1,466
Noncurrent Liabilities:	
2501 Due Within One Year	297,800
2502 Due in More Than One Year	15,277,075
2540 Net Pension Liability	1,673,409
2545 Other Post-Employment Benefits Liability	2,272,459
2000 Total Liabilities	<u>20,749,202</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflows-Pension	316,491
2606 Deferred Inflows-OPEB	1,664,068
Total Deferred Inflows of Resources	<u>1,980,559</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	9,007,708
Restricted for:	
3820 Federal & State Programs	30,802
3850 Debt Service	773,355
3860 Capital Projects	135,677
3900 Unrestricted	2,453,218
3000 Total Net Position	<u>\$ 12,400,760</u>

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

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

Data Control Codes	1	Program Revenues		Net (Expense) Rev. & Changes in Net Position	
		3	4	6	
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 4,643,644	\$ -	\$ 459,060	\$ (4,184,584)
12	Instructional Resources & Media Services	77,236	-	4,303	(72,933)
13	Curriculum & Instructional Staff Development	19,299	-	14,280	(5,019)
21	Instructional Leadership	236,835	-	17,707	(219,128)
23	School Leadership	337,055	-	18,782	(318,273)
31	Guidance, Counseling, & Evaluation Services	180,979	-	90,514	(90,465)
32	Social Work Services	19,461	-	16,280	(3,181)
33	Health Services	134,294	-	5,347	(128,947)
34	Student Transportation	227,287	-	7,603	(219,684)
35	Food Services	324,683	56,109	194,970	(73,604)
36	Extracurricular Activities	617,183	132,119	17,883	(467,181)
41	General Administration	424,510	-	14,353	(410,157)
51	Facilities Maintenance and Operations	1,092,103	-	45,783	(1,046,320)
52	Security and Monitoring Services	41,235	-	22,538	(18,697)
53	Data Processing Services	234,114	-	13,199	(220,915)
72	Interest on Long-Term Debt	584,453	-	4,109	(580,344)
73	Bond Issuance Cost & Fees	3,351	-	-	(3,351)
93	Payments to Fiscal Agent	180,288	-	-	(180,288)
95	Payments to JJAEP Program	17,680	-	-	(17,680)
99	Other Intergovernmental Charges	120,337	-	-	(120,337)
TG	Total Governmental Activities:	<u>9,516,027</u>	<u>188,228</u>	<u>946,711</u>	<u>(8,381,088)</u>
TP	TOTAL PRIMARY GOVERNMENT:	<u>\$ 9,516,027</u>	<u>\$ 188,228</u>	<u>\$ 946,711</u>	<u>(8,381,088)</u>
General Revenues:					
Taxes:					
MT	Property Taxes, Levied for General Purposes				4,963,330
DT	Property Taxes, Levied for Debt Service				854,792
SF	State Aid - Formula Grants				2,845,974
GC	Grants and Contributions, not Restricted				137,667
IE	Investment Earnings				65,023
MI	Miscellaneous Local and Intermediate Revenue				127,863
	Total General Revenues				<u>8,994,649</u>
S1	Other Resources				5,000
S2	Other (Uses)				(5,000)
TR	Total General Revenues, Special Items, and Transfers				<u>8,994,649</u>
CN	Change in Net Position				613,561
NB	Net Position -- Beginning				11,787,199
NE	Net Position -- Ending				<u>\$ 12,400,760</u>

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

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

Data Control Codes	10	60	98	
	General Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 5,914,505	\$ -	\$ 775,890	\$ 6,690,395
1120 Investments - Current	786,760	839,333	14,931	1,641,024
1220 Property Taxes - Delinquent	196,361	-	29,262	225,623
1230 Allowance for Uncollectible Taxes (Credit)	(19,637)	-	(2,927)	(22,564)
1240 Due from Other Governments	27,846	-	188,744	216,590
1260 Due from Other Funds	85,166	-	-	85,166
1290 Other Receivables	22,222	-	2,834	25,056
1000A Total Assets and Deferred Outflows	<u>\$ 7,013,223</u>	<u>\$ 839,333</u>	<u>\$ 1,008,734</u>	<u>\$ 8,861,290</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 130,971	\$ 148,906	\$ -	\$ 279,877
2160 Accrued Wages Payable	273,047	-	34,769	307,816
2170 Due to Other Funds	-	-	85,166	85,166
2200 Accrued Expenditures	5,672	583,016	1,515	590,203
2300 Unavailable Revenues	-	-	1,466	1,466
2000 Total Liabilities	<u>409,690</u>	<u>731,922</u>	<u>122,916</u>	<u>1,264,528</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2600 Deferred Inflows-Unavailable Revenues	176,724	-	26,335	203,059
Total Deferred Inflows of Resources	<u>176,724</u>	<u>-</u>	<u>26,335</u>	<u>203,059</u>
<b>FUND BALANCES</b>				
Restricted for:				
3450 Federal or State Funds Restricted	-	-	30,802	30,802
3470 Capital Acq. and Contractual Oblig.	-	107,411	28,266	135,677
3480 Retirement of Long-Term Debt	-	-	747,020	747,020
Committed for:				
3510 Construction	2,828,580	-	-	2,828,580
3530 Capital Expenditures for Equipment	450,000	-	-	450,000
3545 Other Committed Fund Balance	-	-	53,395	53,395
3600 Unassigned Fund Balance	3,148,229	-	-	3,148,229
3000 Total Fund Balances	<u>6,426,809</u>	<u>107,411</u>	<u>859,483</u>	<u>7,393,703</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 7,013,223</u>	<u>\$ 839,333</u>	<u>\$ 1,008,734</u>	<u>\$ 8,861,290</u>

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

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

			1
	<b>Total Fund Balances - Governmental Funds</b>		\$ 7,393,703
1	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
	Governmental capital assets	\$ 31,420,929	
	Less accumulated depreciation	<u>(6,838,346)</u>	24,582,583
2	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds payable, including unamortized premiums	(15,363,972)	
	Notes and capital leases payable	(210,903)	
	Net pension liability	(1,673,409)	
	Net OPEB liability	<u>(2,272,459)</u>	(19,520,743)
3	Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.		(35,043)
4	Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
	Deferred outflows of resources related to pensions	707,988	
	Deferred inflows of resources related to pensions	(316,491)	
	Deferred outflows of resources related to OPEB	1,021,814	
	Deferred inflows of resources related to OPEB	<u>(1,664,068)</u>	(250,757)
5	Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.		203,059
6	The District uses an Internal Service Fund to charge the costs of certain activities, such as the provision of workers compensation insurance, to other individual funds. Even though the Internal Service Fund is a proprietary fund, the assets and liabilities of this fund are added to the Statement of Net Position for governmental activities.		27,958
19	<b>Net Position of Governmental Activities</b>		<u><u>\$ 12,400,760</u></u>

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

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

Data	10	60	98
Control	General	Capital	Total
Codes	Fund	Projects Fund	Governmental Funds
<b>REVENUES</b>			
5700 Local and Intermediate Sources	\$ 5,188,129	\$ 1,314	\$ 1,022,049
5800 State Program Revenues	3,219,526	-	59,373
5900 Federal Program Revenues	115,207	-	479,393
5020 Total Revenues	8,522,862	1,314	1,560,815
<b>EXPENDITURES</b>			
0011 Instruction	3,907,431	-	186,752
0012 Instructional Resources & Media Services	68,994	-	-
0013 Curriculum & Instructional Staff Development	3,793	-	13,813
0021 Instructional Leadership	206,739	-	2,384
0023 School Leadership	298,397	-	-
0031 Guidance, Counseling & Evaluation Services	84,219	-	75,756
0032 Social Work Services	538	-	15,747
0033 Health Services	120,352	-	-
0034 Student Transportation	204,245	-	-
0035 Food Services	10,862	-	286,637
0036 Extracurricular Activities	466,245	-	96,688
0041 General Administration	364,940	-	-
0051 Facilities Maintenance and Operations	988,428	-	13,809
0052 Security and Monitoring Services	15,817	-	21,800
0053 Data Processing Services	209,075	-	-
0071 Debt Service - Principal	65,407	-	230,000
0072 Debt Service - Interest	10,092	-	612,333
0073 Debt Service - Bond Issuance Costs	-	-	3,351
0081 Facilities Acquisition and Construction	382,601	2,291,139	11,175
0093 Payments to Fiscal Agent	164,469	-	-
0095 Payments to JJAEP Program	16,129	-	-
0099 Other Intergovernmental Charges	109,778	-	-
6030 Total Expenditures	7,698,551	2,291,139	1,570,245
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	824,311	(2,289,825)	(9,430)
<b>OTHER FINANCING SOURCES (USES)</b>			
7949 Other Resources	5,000	-	-
8949 Other (Uses)	(5,000)	-	-
7080 Total Other Financing Sources (Uses)	-	-	-
1200 Net Change in Fund Balance	824,311	(2,289,825)	(9,430)
0100 Fund Balance - Beginning	5,602,498	2,397,236	868,913
3000 Fund Balance - Ending	\$ 6,426,809	\$ 107,411	\$ 859,483

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

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

<b>Total Net Change in Fund Balances – Governmental Funds</b>		\$ (1,474,944)
<sup>1</sup> Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
	Expenditures for capitalized assets	\$ 2,722,947
	Less current year depreciation	(765,016)
		1,957,931
<sup>2</sup> Repayment of principal on bonds, notes, and capital leases is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and the repayments instead reduce long-term liabilities on the Statement of Net Position.		
		295,407
<sup>3</sup> Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.		
		45,599
<sup>4</sup> The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.		
		(7,627)
<sup>5</sup> Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.		
		(29,098)
<sup>6</sup> Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.		
		(156,963)
<sup>7</sup> Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.		
		(18,253)
<sup>8</sup> The District uses an Internal Service Fund to charge the costs of certain activities, such as the provision of workers compensation insurance, to other individual funds. Even though the Internal Service Fund is a proprietary fund, this fund is consolidated with the governmental activities column on the Statement of Activities.		
		1,509
<b>19 Change in Net Position of Governmental Activities</b>		\$ 613,561

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

*THIS PAGE LEFT BLANK INTENTIONALLY*

FLATONIA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget
<b>REVENUES</b>				
5700 Local & Intermediate Sources	\$ 4,803,600	\$ 5,106,950	\$ 5,188,129	\$ 81,179
5800 State Program Revenues	2,755,200	3,150,200	3,219,526	69,326
5900 Federal Program Revenues	31,000	70,000	115,207	45,207
5020 Total Revenues	<u>7,589,800</u>	<u>8,327,150</u>	<u>8,522,862</u>	<u>195,712</u>
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	3,939,716	3,998,266	3,907,431	90,835
0012 Instructional Resources & Media Services	76,087	76,087	68,994	7,093
0013 Curriculum & Instructional Staff Development	10,900	10,900	3,793	7,107
0021 Instructional Leadership	205,055	225,055	206,739	18,316
0023 School Leadership	307,524	322,524	298,397	24,127
0031 Guidance, Counseling & Evaluation Services	87,296	87,296	84,219	3,077
0032 Social Work Services	525	525	538	(13)
0033 Health Services	123,093	131,093	120,352	10,741
0034 Student Transportation	242,637	245,137	204,245	40,892
0035 Food Services	17,549	17,549	10,862	6,687
0036 Extracurricular Activities	449,670	469,670	466,245	3,425
0041 General Administration	468,269	411,269	364,940	46,329
0051 Facilities Maintenance & Operations	948,817	1,005,469	988,428	17,041
0052 Security and Monitoring Services	20,000	21,000	15,817	5,183
0053 Data Processing Services	223,662	225,662	209,075	16,587
Debt Service:				
0071 Principal on Long Term Debt	65,000	65,000	65,407	(407)
0072 Interest on Long Term Debt	13,500	13,500	10,092	3,408
Capital Outlay:				
0081 Facilities Acquisition & Construction	90,000	752,148	382,601	369,547
Intergovernmental:				
0093 Payments to Fiscal Agent	159,500	164,500	164,469	31
0095 Payments to JJAEP Program	21,000	21,000	16,129	4,871
0099 Other Intergovernmental Charges	120,000	120,000	109,778	10,222
6030 Total Expenditures	<u>7,589,800</u>	<u>8,383,650</u>	<u>7,698,551</u>	<u>685,099</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(56,500)</u>	<u>824,311</u>	<u>880,811</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
7949 Other Resources	-	-	5,000	5,000
8949 Other (Uses)	-	-	(5,000)	(5,000)
1200 Net Change in Fund Balances	-	(56,500)	824,311	880,811
0100 Fund Balance-September 1 (Beginning)	5,602,498	5,602,498	5,602,498	-
3000 Fund Balance-August 31 (Ending)	<u>\$ 5,602,498</u>	<u>\$ 5,545,998</u>	<u>\$ 6,426,809</u>	<u>\$ 880,811</u>

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

FLATONIA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2021

Data Control Codes		Governmental
		Activities
		Internal Service Fund
ASSETS		
1110	Cash and Cash Equivalents	\$ 42,012
1000	Total Assets	42,012
LIABILITIES		
Current Liabilities:		
2200	Accrued Expenditures	14,054
2000	Total Liabilities	14,054
NET POSITION		
3900	Unrestricted Net Position	27,958
3000	Total Net Position	\$ 27,958

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

FLATONIA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Governmental
		Activities
		Internal Service Fund
OPERATING REVENUES		
5700	Local and Intermediate Sources	\$ 16,842
5020	Total Revenues	16,842
OPERATING EXPENSES		
6200	Professional and Contracted Services	14,344
6400	Other Operating Costs	989
6030	Total Expenses	15,333
	Income (Loss) before Contributions and Transfers	1,509
1300	Change in Net Position	1,509
0100	Total Net Position - Beginning	26,449
3300	Total Net Position - Ending	\$ 27,958

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

*THIS PAGE LEFT BLANK INTENTIONALLY*

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

Data Control Codes	Governmental Activities Internal Service Fund
<u>Cash Flows from Operating Activities</u>	
Cash Received from User Charges	\$ 16,842
Cash Payments to Suppliers	(15,333)
Net Cash Provided by (Used for) Operating Activities	<u>1,509</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,509
Cash and Cash Equivalents at the Beginning of the Year	<u>40,503</u>
Cash and Cash Equivalents at the End of the Year:	<u><u>\$ 42,012</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by (Used for) Operating Activities</u>	
Operating Income (Loss):	\$ 1,509
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 1,509</u></u>

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

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

Data Control Codes	810 Private- Purpose Trust Funds	865 Custodial Funds
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ 1,586,048	\$ 90,360
1000 Total Assets	<u>1,586,048</u>	<u>90,360</u>
<b>NET POSITION</b>		
Restricted for:		
3800 Individuals and Organizations	1,586,048	90,360
3000 Total Net Position	<u>\$ 1,586,048</u>	<u>\$ 90,360</u>

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

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

Data Control Codes	810 Private- Purpose Trust Fund	865 Custodial Funds
<b>ADDITIONS</b>		
Contributions:		
5744 Foundations, Gifts, and Bequests	\$ 1,242,722	\$ -
5750 Fundraising Activities	-	280,431
5020 Total Contributions	<u>1,242,722</u>	<u>280,431</u>
Investment Earnings:		
5742 Interest, Dividends, and Other	<u>6,172</u>	<u>-</u>
Total Additions	<u>1,248,894</u>	<u>280,431</u>
<b>DEDUCTIONS</b>		
6300 Supplies and Materials	-	273,819
6400 Other Operating Costs	16,251	-
6030 Total Deductions	<u>16,251</u>	<u>273,819</u>
1200 Net Increase/(Decrease) in Fiduciary Net Position	1,232,643	6,612
0100 Net Position - Beginning	353,405	83,748
3000 Net Position - Ending	<u>\$ 1,586,048</u>	<u>\$ 90,360</u>

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

*THIS PAGE LEFT BLANK INTENTIONALLY*

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **The Financial Reporting Entity**

This report includes those activities, organizations and functions related to Flatonia Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Currently however, the District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Custodial funds have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Major Funds and Fund Types**

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The Capital Projects Fund is used to account for the construction, improvement and renovation of school buildings in the District along with the acquisition of land and equipment. This fund is budgeted on a project basis rather than annually.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

Internal Service Funds are proprietary funds used to account for activities such as workers' compensation self-insurance, self-funded health insurance, and employee health savings accounts. The District utilizes an Internal Service Fund to account for its participation in a workers' compensation shared risk pool.

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

Custodial Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

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

**Budgetary Information**

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

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

Ad Valorem Property Taxes - Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles 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.

Accumulated Sick Leave Liability - The State of Texas has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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 benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits - The fiduciary net position of the Teacher Retirement System of Texas TRS Care Plan (TRS-Care) 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.

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

Fair Value Measurements - The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

### **Data Control Codes**

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

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

## 2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and custodial funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent 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 dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2021, the carrying amount of the District's deposits was \$8,408,815 and the bank balance was \$8,597,157. The District's deposits with financial institutions at August 31, 2021 and during the year ended August 31, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

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

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: First National Bank of Shiner, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$11,604,132.
- c) The largest cash, savings and time deposit combined account balance amounted to \$9,319,546 and occurred during the month of February 2021.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at August 31, 2021 consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard &amp; Poor's Rating</u>
Local Government Investment Pools:			
Texas TERM	\$ 1,087,727	1	AAAm
Certificates of Deposit - First National Bank of Shiner	553,297	180	N/A
Total Investments	<u>\$ 1,641,024</u>		

The District had investments in one external local governmental investment pool at August 31, 2021, consisting of the Texas TERM.

Notes on the local government investment pool (Texas TERM) is as follows:

TexasTERM was created in 2000 to allow Texas local governments and school districts to pool their funds for investment. By pooling the funds of many government entities, the Pool can help investors achieve the investment objectives of Safety, Liquidity, Higher Potential Yield, Accounting and Safekeeping and Convenience.

TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors.

TexasTERM has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "PFIA").

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 agencies are designed to give an indication of credit risk. At August 31, 2021, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

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 District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2021, the District was not exposed to custodial credit risk.

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2021, the District had 100% of its investments in money market accounts and local governmental investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2021, investments were included in local government investment pools which have a weighted average maturity of one day and certificates of deposit which have a weighted average maturity of 180 days.

### **3. PROPERTY TAXES**

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Fayette County Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Fayette County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 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 and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2020, upon which the October 2020 levy was based was \$450,991,524. The District levied taxes based on a combined tax rate of \$1.25185 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

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

**4. DUE FROM/TO OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of August 31, 2021 are summarized below:

Due From Other Governments:	Non-Major		
	General Fund	Governmental Funds	Total
Governmental Activities:			
Foundation & Per Capita Entitlements	\$ 27,846	\$ -	\$ 27,846
State Grants	-	56,936	56,936
Federal Grants	-	131,808	131,808
Total - Governmental Activities	<u>\$ 27,846</u>	<u>\$ 188,744</u>	<u>\$ 216,590</u>

**5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “Due from Other Funds” and on the balance sheet of the borrowing fund as “Due to Other Funds”. Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “Transfers Out” for the paying fund and “Transfers In” for the receiving fund. No such transfers were noted in the current financial year.

The composition of interfund balances as of August 31, 2021 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Funds	\$ 85,166
Grand Total		<u>\$ 85,166</u>

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

**6. CAPITAL ASSETS**

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

	Beginning Balance 9/1/20	Additions	Retirements	Adjustments	Ending Balance 8/31/21
Governmental Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 292,642	\$ -	\$ -	\$ -	\$ 292,642
Construction in Progress	12,396,920	2,431,512	-	(2,314,875)	12,513,557
Total Capital Assets, not Being Depreciated	12,689,562	2,431,512	-	(2,314,875)	12,806,199
Capital Assets, Being Depreciated:					
Buildings and Improvements	13,823,828	-	-	2,314,875	16,138,703
Furniture and Equipment	2,184,592	291,435	-	-	2,476,027
Total Capital Assets, Being Depreciated	16,008,420	291,435	-	2,314,875	18,614,730
Less Accumulated Depreciation for:					
Buildings and Improvements	(4,809,650)	(543,758)	-	-	(5,353,408)
Furniture and Equipment	(1,263,680)	(221,258)	-	-	(1,484,938)
Total Accumulated Depreciation	(6,073,330)	(765,016)	-	-	(6,838,346)
Governmental Activities Capital Assets, Net	\$ 22,624,652	\$ 1,957,931	\$ -	-	\$ 24,582,583

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

Function	Depreciation Allocation
Instruction	\$ 393,787
Instructional Resources & Media Services	6,636
Curriculum & Instructional Staff Development	1,693
Instructional Leadership	20,114
School Leadership	28,700
Guidance, Counseling & Evaluation Services	15,387
Social Work Services	1,566
Health Services	11,576
Student Transportation	19,645
Food Services	28,614
Extracurricular Activities	54,144
General Administration	35,101
Facilities Maintenance and Operations	96,397
Security and Monitoring Services	3,618
Data Processing Services	20,109
Payments to Fiscal Agent/Member Dist. of SSA	15,819
Payments to JJAEP Program	1,551
Other Intergovernmental Charges	10,559
Totals	\$ 765,016

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

**7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES**

Governmental activities long-term debt obligations at August 31, 2021 consisted of the following:

General Long-Term Debt Description	Outstanding at August 31, 2021
\$3,000,000 Series 2011 Unlimited Tax Qualified School Construction Bonds due in annual installments of \$185,000 to \$190,000 through August 15, 2027; interest at 4.0%.	\$ 1,140,000
\$13,050,000 Series 2019 Unlimited Tax School Building Bonds due in annual installments of \$40,000 to \$1,020,000 through February 15, 2049; interest at 3.0% to 5.0%.	12,970,000
\$339,537 Capital Lease, with Live Oak Equipment Finance, issued September 1, 2019, due in annual installments of \$75,499 through September 1, 2023; interest at 3.65%.	210,903
Total General Long-Term Debt	<u>\$ 14,320,903</u>

The following is a summary of changes in long-term liabilities for the year ended August 31, 2021:

Type	Outstanding 9/1/20	Additions	Deletions	Outstanding 8/31/21	Due in One Year
<b>Bonds Payable:</b>					
General Oblig. & Refunding Bonds	\$ 14,340,000	\$ -	\$ (230,000)	\$ 14,110,000	\$ 230,000
Premium on Issuance of Bonds	1,299,571	-	(45,599)	1,253,972	-
Total Bonds	<u>15,639,571</u>	<u>-</u>	<u>(275,599)</u>	<u>15,363,972</u>	<u>230,000</u>
<b>Other Long-Term Liabilities:</b>					
Capital Leases	276,310	-	(65,407)	210,903	67,800
Total Other Long-Term Liabilities	<u>276,310</u>	<u>-</u>	<u>(65,407)</u>	<u>210,903</u>	<u>67,800</u>
Total Governmental Activities	<u>\$ 15,915,881</u>	<u>\$ -</u>	<u>\$ (341,006)</u>	<u>\$ 15,574,875</u>	<u>\$ 297,800</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

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

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2021 are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2022	\$ 230,000	\$ 614,640	\$ 844,640
2023	235,000	612,940	847,940
2024	235,000	611,140	846,140
2025	235,000	609,340	844,340
2026	255,000	606,815	861,815
2027-2031	1,360,000	2,882,615	4,242,615
2032-2036	2,075,000	2,509,800	4,584,800
2037-2041	2,795,000	2,014,400	4,809,400
2042-2046	3,795,000	1,221,375	5,016,375
2047-2049	2,895,000	222,625	3,117,625
Totals	<u>\$ 14,110,000</u>	<u>\$ 11,905,690</u>	<u>\$ 26,015,690</u>

The debt service requirements for capital leases as of August 31, 2021 are as follows:

Year Ended August 31,			Total Requirements
	Principal	Interest	
2022	\$ 67,800	\$ 7,698	\$ 75,498
2023	70,275	5,224	75,499
2024	72,828	2,659	75,487
	<u>\$ 210,903</u>	<u>\$ 15,581</u>	<u>\$ 226,484</u>

## 8. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

### A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Comprehensive Annual Financial Report within Note 1 to the financial statements. That report may be obtained online at [www.trs.texas.gov](http://www.trs.texas.gov); by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

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

**B. Benefits Provided**

TRS provides retirement, disability, and death benefits. Membership in the Plan includes 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 exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees.

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

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

**C. Contributors to the Plan**

Contributors to the Plan include active members, employers, and the State of Texas as the only non-employer contributing entity. The State is also 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.

The number of participating employers during fiscal year 2020 are disclosed in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,022
Charter Schools (open enrollment only)	187
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Educational Districts	3
State Agency	1
Total	<u><u>1,340</u></u>

Plan membership as of August 31, 2019 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2019 (see Section F), the Plan membership counts are as of August 31, 2019.

<u>Pension Plan Membership</u>	
Retired plan members or beneficiaries currently receiving benefits	434,426
Inactive plan members entitled to but not yet receiving benefits	310,716
Active plan members	<u><u>884,540</u></u>
	<u><u>1,629,682</u></u>

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

The Average Expected Remaining Service Life (AERSL) of 6.2975 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 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 this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- On the portion of a 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 or all of an employee's salary is paid by federal, private, local or non-educational and general funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below.

<u>Contribution Rates</u>	<u>2020</u>	<u>2021</u>
Members	7.7%	7.7%
Employer	7.5%	7.5%
State of Texas (NECE)	7.5%	7.5%
<u>Contribution Amounts</u>		
Members	\$ 334,867	\$ 355,567
Employer	125,647	125,017
State of Texas (NECE)	280,554	301,060

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

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional education service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2020 are disclosed below.

<u>Components of Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	<u>(165,416,245,243)</u>
Net Pension Liability	<u>\$ 53,557,959,841</u>
Net Position as Percentage of Total Pension Liability	75.54%

F. Actuarial Methods and Assumptions

Roll Forward

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2017 and were adopted in July 2018.

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

The long-term expected rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2019 are summarized in the chart below:

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

Asset Class	FY 2020 Target Allocation* %	Long-Term Expected Geometric Real Rate of Return*	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	(0.70)%	(0.05)%
Absolute Return (Including Credit Sensitive Investments)	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.02%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities	0.00%	0.80%	0.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2.00%	(1.50)%	(0.03)%
Asset Allocation Leverage	(6.00)%	(1.30)%	0.08%
Inflation Expectation			2.00%
Volatility Drag*			(0.67)%
Expected Return	<u>100.00%</u>		<u>7.33%</u>

\*Target allocations are based on the FY2020 policy model.

\*\*Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

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

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

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

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

G. Discount Rate

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

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit 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.

H. Change of Assumptions Since the Prior Measurement Date

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

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

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

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
District's Proportionate Share of the Net Pension Liability:	\$ 2,580,367	\$ 1,673,409	\$ 936,526

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of August 31, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of the Plan's Net Pension Liability based on the District's contributions to the Plan relative to the contributions of all employers for the period September 1, 2019 through August 31, 2020.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

	Measurement Date		Change
	8/31/19	8/31/20	
District's Proportion of the Collective Net Pension Liability	0.000032200320	0.000031244825	(0.000000955495)
District's Proportionate Share of the Net Pension Liability	\$ 1,673,873	\$ 1,673,409	\$ (464)
State's Proportionate Share of the Net Pension Liability			
Associated with the District	3,097,877	3,593,709	495,832
Total Pension Liability	\$ 4,771,750	\$ 5,267,118	\$ 495,368

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,056	\$ 46,700
Changes in actuarial assumptions	388,290	165,098
Difference between projected and actual investment earnings	74,546	40,669
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	117,079	64,024
Contributions paid to TRS subsequent to the measurement date	125,017	-
Total	\$ 707,988	\$ 316,491

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

Measurement Year Ended August 31,	Pension Expense Amount
2021	\$ 86,636
2022	90,795
2023	84,611
2024	25,802
2025	(19,016)
Thereafter	(2,348)

For the year ended August 31, 2021, Flatonia Independent School District recognized pension expense of \$156,963 and revenue of \$432,243 for support provided by the State.

## 9. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2021, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$275 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

## 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

### A. Plan Description

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

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

The Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the 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. Further detailed information regarding TRS and TRS-Care is available in a separately issued Comprehensive Annual Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at [www.trs.texas.gov](http://www.trs.texas.gov); by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

**B. Benefits Provided**

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

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

**C. Contributors to TRS-Care**

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2020, the number of participating employers are presented in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,021
Open Enrollment Charter Schools	187
Regional Service Centers	20
Other Educational Districts	3
Total	<u><u>1,231</u></u>

TRS-Care plan membership as of August 31, 2019 is shown in the following table. Because the actuarial valuation was based on a roll-forward (See Section F), the counts are as of that date.

<u>TRS-Care Plan Membership</u>	
Active plan members	725,690
Inactive plan members currently receiving benefits	191,250
Inactive plan members entitled to but not yet receiving benefits	11,785
Total	<u><u>928,725</u></u>

The Average Expected Remaining Service Life (AERSL) of 9.1073 is based on the membership information as of the beginning of the fiscal year.

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

D. Contributions

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

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2020.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below.

<u>Contribution Rates</u>	<u>2020</u>	<u>2021</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%
<u>Contribution Amounts</u>		
Members	\$ 28,268	\$ 30,015
Employer	44,143	44,640
State of Texas (NECE)	49,510	53,128

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

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of the TRS. The TRS-Care surcharges for fiscal year 2020 totaled \$11,413,512.

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

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

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

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

E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2020 are disclosed in the following table.

<u>Components of OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 40,010,833,815
Less: Plan Fiduciary Net Position	(1,996,317,932)
Net OPEB Liability	<u>\$ 38,014,515,883</u>
Net Position as a Percentage of Total OPEB Liability	4.99%

The primary reasons for this year's \$12.0 billion liability reduction related to the difference between expected and actual experience and were due to (a) savings to the fully-insured Medicare Advantage premiums, which resulted from Congress' repeal of the Health Insurer Fee in December 2019 and vendor premium guarantees, and (b) favorable claims and rebate experience for the prescription drug benefits provided to Medicare retirees.

F. Actuarial Methods and Assumptions

Roll Forward

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 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 used for members of TRS are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

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

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

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 (UMP).

#### Health Care Trend Rates

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

#### Actuarial Methods and Assumptions

Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

#### G. Discount Rate

A single discount rate of 2.33 percent was used to measure the total OPEB liability. This was a decrease of .30 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

#### H. Change of Assumptions Since the Prior Measurement Date

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

- The discount rate changed from 2.63 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.

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

I. Changes of Benefit Terms Since the Prior Measurement Date

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

J. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is one-percentage point lower, 1.33 percent, or one-percentage point higher, 3.33 percent, than the AA/Aa rate.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption			
	1% Decrease 1.33%	Current Single Discount Rate 2.33%	1% Increase 3.33%
District's Proportionate Share of the Net OPEB Liability	\$ 2,726,945	\$ 2,272,459	\$ 1,913,480

K. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

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

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 1,856,308	\$ 2,272,459	\$ 2,826,713

L. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2019 through August 31, 2020.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

	Measurement Date		Change
	8/31/19	8/31/20	
District's Proportion of the Collective Net OPEB Liability	0.000051892062	0.000059778715	0.000007886653
District's Proportionate Share of the Net OPEB Liability	\$ 2,454,040	\$ 2,272,459	\$ (181,581)
State's Proportionate Share of the Net OPEB Liability Associated with the District	3,260,869	3,053,640	(207,229)
Total OPEB Liability	\$ 5,714,909	\$ 5,326,099	\$ (388,810)

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

At August 31, 2021, Flatonia Independent School District reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 118,985	\$ 1,039,993
Changes in actuarial assumptions	140,163	624,029
Difference between projected and actual investment earnings	785	46
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	717,241	-
Contributions paid to TRS subsequent to the measurement date	44,640	-
Total	\$ 1,021,814	\$ 1,664,068

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

Measurement Year Ended August 31,	OPEB Expense Amount
2021	\$ (137,885)
2022	(137,986)
2023	(138,042)
2024	(138,027)
2025	(77,328)
Thereafter	(57,626)

For the year ended August 31, 2021, Flatonia Independent School District recognized OPEB expense of \$18,253 and revenue of (\$21,203) for support provided by the State.

## 11. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2021 and August 31, 2020, the subsidy payments received by TRS-Care on behalf of the District were \$20,780 and \$20,780, respectively.

## 12. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described on the next page.

**Nonspendable** - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

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

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

### 13. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Non-Major			Trust Funds	Total
		Major Capital Projects Fund	Governmental Funds	Proprietary Funds		
Property Taxes	\$ 4,989,617	\$ -	\$ 857,603	\$ -	\$ -	\$ 5,847,220
Investment Income	55,063	1,314	8,646	309	6,172	71,504
Gifts	-	-	-	-	1,242,722	1,242,722
Insurance Recovery	13,298	-	-	-	-	13,298
Food Sales	-	-	56,109	-	-	56,109
Athletics	32,429	-	-	-	-	32,429
Interfund Services	-	-	-	16,533	-	16,533
Enterprising Revenues	-	-	99,691	-	280,431	380,122
Miscellaneous Local Revenue	97,722	-	-	-	-	97,722
Total	\$ 5,188,129	\$ 1,314	\$ 1,022,049	\$ 16,842	\$ 1,529,325	\$ 7,757,659

*THIS PAGE LEFT BLANK INTENTIONALLY*

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

**14. UNEARNED REVENUE**

Unearned revenue at August 31, 2021 consisted of the following amounts:

Fund	State Grants	Federal Grants	Total
Non-Major Governmental Funds	\$ 301	\$ 1,165	\$ 1,466

**15. RISK MANAGEMENT**

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended August 31, 2021, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

**16. COMMITMENTS AND CONTINGENCIES**

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2021, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

*THIS PAGE LEFT BLANK INTENTIONALLY*

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	Measurement Year			
	2020	2019	2018	2017
District's Proportion of the Net Pension Liability	0.0031244825%	0.0032200320%	0.0030421994%	0.0031919044%
District's Proportionate Share of the Net Pension Liability	\$ 1,673,409	\$ 1,673,873	\$ 1,674,500	\$ 1,020,599
State's Proportionate Share of the District Net Pension Liability	3,593,709	3,097,877	3,533,405	2,086,681
Total Pension Liability	<u>\$ 5,267,118</u>	<u>\$ 4,771,750</u>	<u>\$ 5,207,905</u>	<u>\$ 3,107,280</u>
District's Covered-Employee Payroll	\$ 4,617,755	\$ 3,891,921	\$ 3,904,842	\$ 3,916,523
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	36.24%	43.01%	42.88%	26.06%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	75.54%	75.24%	73.74%	82.17%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 68.

Measurement Year		
2016	2015	2014
0.0030470345%	0.0032045000%	0.0018198000%
\$ 1,151,429	\$ 1,132,748	\$ 486,095
2,494,177	2,580,540	2,177,808
\$ 3,645,606	\$ 3,713,288	\$ 2,663,903
\$ 3,726,767	\$ 3,795,580	\$ 3,638,739
30.90%	29.84%	13.36%
78.00%	78.43%	83.25%

FLATONIA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS –  
TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year			
	2021	2020	2019	2018
Contractually Required Contribution	\$ 125,017	\$ 125,647	\$ 108,694	\$ 100,185
Contribution in Relation to the Contractually Required Contribution	<u>(125,017)</u>	<u>(125,647)</u>	<u>(108,694)</u>	<u>(100,185)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 4,617,755	\$ 4,348,923	\$ 3,891,921	\$ 3,904,842
Contributions as a Percentage of Covered- Employee Payroll	2.71%	2.89%	2.79%	2.57%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 68 and will eventually reflect ten years of data.

Fiscal Year		
2017	2016	2015
\$ 100,892	\$ 92,339	\$ 87,421
(100,892)	(92,339)	(87,421)
\$ -	\$ -	\$ -
\$ 3,916,523	\$ 3,726,767	\$ 3,795,580
2.58%	2.48%	2.30%

*THIS PAGE LEFT BLANK INTENTIONALLY*

FLATONIA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –  
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN  
FOR THE YEAR ENDED AUGUST 31, 2021

	Measurement Year			
	2020	2019	2018	2017
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0059778715%	0.0051892062%	0.0048340448%	0.0045806788%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$2,272,459	\$ 2,454,040	\$ 2,413,683	\$ 1,991,965
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	3,053,640	3,260,869	3,406,045	3,069,048
Total Other Post Employment Benefits Liability	<u>\$ 5,326,099</u>	<u>\$ 5,714,909</u>	<u>\$ 5,819,728</u>	<u>\$ 5,061,013</u>
District's Covered Payroll	\$ 4,348,923	\$ 3,891,921	\$ 3,904,842	\$ 3,916,523
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	52.25%	63.05%	61.81%	50.86%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	4.99%	2.66%	1.57%	0.91%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 75.

FLATONIA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS –  
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN  
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year		
	2021	2020	2019
Contractually Required Contribution	\$ 44,640	\$ 44,143	\$ 36,626
Contribution in Relation to the Contractually Required Contribution	(44,640)	(44,143)	(36,626)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 4,617,755	\$ 4,348,923	\$ 3,891,921
Contributions as a Percentage of Covered Payroll	0.97%	1.02%	0.94%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

Fiscal Year	
2018	2017
\$ 31,427	\$ 21,541
(31,427)	(21,541)
<u>\$ -</u>	<u>\$ -</u>
\$ 3,904,842	\$ 3,916,523
0.80%	0.55%

*THIS PAGE LEFT BLANK INTENTIONALLY*

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

## Teacher Retirement System

### *Actuarial Assumptions*

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

### *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. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

### *Changes of Assumptions*

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

## Texas Public School Retired Employees Group Insurance Plan

### *Actuarial Assumptions*

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS-Care note to the financial statements.

### *Changes of Benefit Terms*

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

### *Changes of Assumptions Since the Prior Measurement Date*

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

- The discount rate changed from 2.63 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.

THIS PAGE LEFT BLANK INTENTIONALLY

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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

	206	211	212	240	255
Data				National	
Control				Breakfast	
Codes	ESEA, Title X, Part C	ESEA, Title I, Part A	ESEA, Title I, Part C	and Lunch Program	ESEA, Title II, Part A
<b>ASSETS</b>					
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 20,444	\$ -
1120 Investments - Current	-	-	-	-	-
1220 Property Taxes - Delinquent	-	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-	-
1240 Due from Other Governments	-	28,481	15,747	18,390	17,666
1290 Other Receivables	-	-	-	-	-
1000A Total Assets	<u>\$ -</u>	<u>\$ 28,481</u>	<u>\$ 15,747</u>	<u>\$ 38,834</u>	<u>\$ 17,666</u>
<b>LIABILITIES</b>					
2160 Accrued Wages Payable	\$ -	\$ 8,572	\$ -	\$ 7,862	\$ 193
2170 Due to Other Funds	-	18,958	15,747	-	17,452
2177 Due to Trust and Agency Funds	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-
2200 Accrued Expenditures	-	951	-	170	21
2300 Unearned Revenues	-	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>28,481</u>	<u>15,747</u>	<u>8,032</u>	<u>17,666</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2600 Unavailable Revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted for:					
3450 Federal or State Funds Restricted	-	-	-	30,802	-
3470 Capital Acq. and Contractual Oblig.	-	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-	-
Committed for:					
3545 Other Committed Fund Balance	-	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,802</u>	<u>-</u>
4000 Total Liab., Def. Inflows, and Fund Balances	<u>\$ -</u>	<u>\$ 28,481</u>	<u>\$ 15,747</u>	<u>\$ 38,834</u>	<u>\$ 17,666</u>

263	266	281	289	410	429	461	599
Title III, Part A	Elementary & Secondary School Emergency	Elementary & Secondary School Emergency	Federally Funded Spec. Rev. Fund	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds	Debt Service Fund
\$ -	\$ -	\$ -	\$ 1,165	\$ 301	\$ -	\$ 53,395	\$ 672,319
-	-	-	-	-	-	-	14,931
-	-	-	-	-	-	-	29,262
-	-	-	-	-	-	-	(2,927)
500	19,344	18,515	13,165	-	-	-	56,936
-	-	-	-	-	-	-	2,834
<u>\$ 500</u>	<u>\$ 19,344</u>	<u>\$ 18,515</u>	<u>\$ 14,330</u>	<u>\$ 301</u>	<u>\$ -</u>	<u>\$ 53,395</u>	<u>\$ 773,355</u>
\$ -	\$ -	\$ 18,142	\$ -	\$ -	\$ -	\$ -	\$ -
500	19,344	-	13,165	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	373	-	-	-	-	-
-	-	-	1,165	301	-	-	-
<u>500</u>	<u>19,344</u>	<u>18,515</u>	<u>14,330</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	26,335
-	-	-	-	-	-	-	26,335
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	747,020
-	-	-	-	-	-	53,395	-
-	-	-	-	-	-	53,395	747,020
<u>\$ 500</u>	<u>\$ 19,344</u>	<u>\$ 18,515</u>	<u>\$ 14,330</u>	<u>\$ 301</u>	<u>\$ -</u>	<u>\$ 53,395</u>	<u>\$ 773,355</u>

*THIS PAGE LEFT BLANK INTENTIONALLY*

FLATONIA INDEPENDENT SCHOOL DISTRICT EXHIBIT H-1 (CONTINUED)  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2021

698		
Data		
Control	Capital	Total Non-
Codes	Projects	Major
	Fund	Governmental
		Funds
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ 28,266	\$ 775,890
1120 Investments - Current	-	14,931
1220 Property Taxes - Delinquent	-	29,262
1230 Allowance for Uncollectible Taxes (Credit)	-	(2,927)
1240 Due from Other Governments	-	188,744
1290 Other Receivables	-	2,834
1000A Total Assets	<u>\$ 28,266</u>	<u>\$ 1,008,734</u>
<b>LIABILITIES</b>		
2160 Accrued Wages Payable	\$ -	\$ 34,769
2170 Due to Other Funds	-	85,166
2177 Due to Trust and Agency Funds	-	-
2180 Due to Other Governments	-	-
2190 Due to Student Groups	-	-
2200 Accrued Expenditures	-	1,515
2300 Unearned Revenues	-	1,466
2000 Total Liabilities	<u>-</u>	<u>122,916</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600 Unavailable Revenue	-	26,335
Total Deferred Inflows of Resources	<u>-</u>	<u>26,335</u>
<b>FUND BALANCES</b>		
Restricted for:		
3450 Federal or State Funds Restricted	-	30,802
3470 Capital Acq. and Contractual Oblig.	28,266	28,266
3480 Retirement of Long-Term Debt	-	747,020
Committed for:		
3545 Other Committed Fund Balance	-	53,395
3000 Total Fund Balances	<u>28,266</u>	<u>859,483</u>
4000 Total Liab., Def. Inflows, and Fund Balances	<u>\$ 28,266</u>	<u>\$ 1,008,734</u>

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

	206	211	212	240	255
Data				National	
Control	ESEA, Title	ESEA, Title	ESEA, Title	Breakfast	ESEA, Title
Codes	X, Part C	I, Part A	I, Part C	and Lunch Program	II, Part A
<b>REVENUES</b>					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 56,990	\$ -
5800 State Program Revenues	-	-	-	4,720	-
5900 Federal Program Revenues	2,189	111,516	15,747	188,701	19,594
5020 Total Revenues	2,189	111,516	15,747	250,411	19,594
<b>EXPENDITURES</b>					
0011 Instruction	2,189	109,596	-	-	5,467
0013 Curriculum & Instructional Staff Dev.	-	-	-	-	13,813
0021 Instructional Leadership	-	1,920	-	-	314
0031 Guidance, Counseling & Evaluation Svcs.	-	-	-	-	-
0032 Social Work Services	-	-	15,747	-	-
0035 Food Services	-	-	-	286,637	-
0036 Extracurricular Activities	-	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
0073 Debt Service - Bond Issuance Costs	-	-	-	-	-
0081 Facilities Acquisition and Construction	-	-	-	-	-
6030 Total Expenditures	2,189	111,516	15,747	286,637	19,594
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(36,226)	-
1200 Net Change in Fund Balance	-	-	-	(36,226)	-
0100 Fund Balance - Beginning	-	-	-	67,028	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ 30,802	\$ -

263	266	281	289	410	429	461	599
Title III, Part A	Elementary & Secondary School Emergency Relief I	Elementary & Secondary School Emergency Relief II	Federally Funded Spec. Rev. Fund	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds	Debt Service Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,470	\$ 864,230
-	-	-	-	25,560	24,984	-	4,109
-	68,516	18,515	54,615	-	-	-	-
-	68,516	18,515	54,615	25,560	24,984	100,470	868,339
-	-	11,275	32,665	25,560	-	-	-
-	-	-	-	-	-	-	-
-	-	-	150	-	-	-	-
-	68,516	7,240	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	96,688	-
-	-	-	-	-	13,809	-	-
-	-	-	21,800	-	-	-	-
-	-	-	-	-	-	-	230,000
-	-	-	-	-	-	-	612,333
-	-	-	-	-	-	-	3,351
-	-	-	-	-	11,175	-	-
-	68,516	18,515	54,615	25,560	24,984	96,688	845,684
-	-	-	-	-	-	3,782	22,655
-	-	-	-	-	-	3,782	22,655
-	-	-	-	-	-	49,613	724,365
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,395	\$ 747,020

*THIS PAGE LEFT BLANK INTENTIONALLY*

FLATONIA INDEPENDENT SCHOOL DISTRICT      EXHIBIT H-2 (CONTINUED)  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2021

	698	
Data		Total Non-
Control	Capital	Major
	Projects	Government
Codes	Fund	al Funds
<b>REVENUES</b>		
5700 Local and Intermediate Sources	\$ 359	\$ 1,022,049
5800 State Program Revenues	-	59,373
5900 Federal Program Revenues	-	479,393
5020 Total Revenues	359	1,560,815
<b>EXPENDITURES</b>		
0011 Instruction	-	186,752
0013 Curriculum & Instructional Staff Dev.	-	13,813
0021 Instructional Leadership	-	2,384
0031 Guidance, Counseling & Evaluation Svcs.	-	75,756
0032 Social Work Services	-	15,747
0035 Food Services	-	286,637
0036 Extracurricular Activities	-	96,688
0051 Facilities Maintenance and Operations	-	13,809
0052 Security and Monitoring Services	-	21,800
0071 Debt Service - Principal	-	230,000
0072 Debt Service - Interest	-	612,333
0073 Debt Service - Bond Issuance Costs	-	3,351
0081 Facilities Acquisition and Construction	-	11,175
6030 Total Expenditures	-	1,570,245
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	359	(9,430)
1200 Net Change in Fund Balance	359	(9,430)
0100 Fund Balance - Beginning	27,907	868,913
3000 Fund Balance - Ending	\$ 28,266	\$ 859,483

FLATONIA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31,		1	2	3
		Tax Rates		Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2012	and prior years	Various	Various	Various
2013		1.17000	0.14120	\$ 300,499,147
2014		1.17000	0.14000	362,059,754
2015		1.17000	0.14000	473,649,597
2016		1.17000	0.14000	451,441,069
2017		1.17000	0.14000	381,937,327
2018		1.17000	0.14000	397,247,591
2019		1.17000	0.14000	435,331,015
2020		1.06835	0.18350	471,813,725
2021	(School year under audit)	1.06835	0.18350	450,991,524
TOTALS				

10	20	31	32	40	50
Beginning Balance 9/1/20	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/21
\$ 24,522	\$ -	\$ 92	\$ 11	\$ (1)	\$ 24,418
1,727	-	12	2	-	1,713
2,028	-	10	1	-	2,017
5,538	-	383	46	(1)	5,108
15,169	-	3,487	417	8	11,273
16,730	-	3,934	471	(27)	12,298
22,958	-	6,901	826	(27)	15,204
52,197	-	23,709	2,837	(1,189)	24,462
117,083	-	63,423	10,894	527	43,293
-	5,645,737	4,821,479	828,138	89,717	85,837
<u>\$ 257,952</u>	<u>\$ 5,645,737</u>	<u>\$ 4,923,430</u>	<u>\$ 843,643</u>	<u>\$ 89,007</u>	<u>\$ 225,623</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
5700 Local & Intermediate Sources	\$ 69,400	\$ 69,400	\$ 56,990	\$ (12,410)
5800 State Program Revenues	9,568	9,568	4,719	(4,849)
5900 Federal Program Revenues	224,040	224,040	188,701	(35,339)
5020 Total Revenues	<u>303,008</u>	<u>303,008</u>	<u>250,410</u>	<u>(52,598)</u>
<b>EXPENDITURES</b>				
0035 Food Services	303,008	303,008	286,637	16,371
6030 Total Expenditures	<u>303,008</u>	<u>303,008</u>	<u>286,637</u>	<u>16,371</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(36,227)</u>	<u>(36,227)</u>
1200 Net Change in Fund Balances	-	-	(36,227)	(36,227)
0100 Fund Balance-September 1 (Beginning)	67,028	67,028	67,028	-
3000 Fund Balance-August 31 (Ending)	<u>\$ 67,028</u>	<u>\$ 67,028</u>	<u>\$ 30,801</u>	<u>\$ (36,227)</u>

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

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget
		Original	Final	Amounts (GAAP BASIS)	
REVENUES					
5700	Local & Intermediate Sources	\$ 848,050	\$ 848,050	\$ 864,230	\$ 16,180
5800	State Program Revenues	-	3,444	4,109	665
5020	Total Revenues	848,050	851,494	868,339	16,845
EXPENDITURES					
Debt Service:					
0071	Principal on Long Term Debt	230,000	230,000	230,000	-
0072	Interest on Long Term Debt	614,700	618,144	612,333	5,811
0073	Bond Issuance Cost and Fees	3,350	3,350	3,351	(1)
6030	Total Expenditures	848,050	851,494	845,684	5,810
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	22,655	22,655
1200	Net Change in Fund Balances	-	-	22,655	22,655
0100	Fund Balance-September 1 (Beginning)	724,365	724,365	724,365	-
3000	Fund Balance-August 31 (Ending)	\$ 724,365	\$ 724,365	\$ 747,020	\$ 22,655

*THIS PAGE LEFT BLANK INTENTIONALLY*

FLATONIA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1 Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	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.	\$ -

*THIS PAGE LEFT BLANK INTENTIONALLY*

## **FEDERAL AWARDS SECTION**

*THIS PAGE LEFT BLANK INTENTIONALLY*



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

To the Board of Trustees of  
Flatonia Independent School District

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 Flatonia Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Flatonia Independent School District's basic financial statements, and have issued our report thereon dated October 22, 2021.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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.

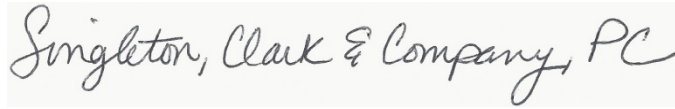
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Flatonia Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*THIS PAGE LEFT BLANK INTENTIONALLY*

## **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.

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive, flowing style.

Singleton, Clark & Company, PC  
Cedar Park, Texas

October 22, 2021

*THIS PAGE LEFT BLANK INTENTIONALLY*

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

---

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

**FEDERAL AWARDS**

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended August 31, 2021 due to expenditures of federal awards being below \$750,000.

---

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2021 and August 31, 2020.

---

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Uniform Guidance:

Not applicable.