

**LINDALE
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
AUGUST 31, 2021**

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

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CERTIFICATE OF BOARD

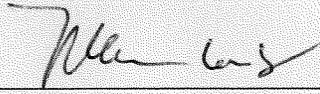
Lindale Independent School District
Name of School District

Smith
County

212-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 13 of December 2021.


Signature of Board Secretary


Signature of Board President

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



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

Independent Auditors' Report

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75771

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the business-type activities and the aggregate remaining fund information of Lindale Independent School District (the District) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

1810 Galleria Oaks • Texarkana, Texas 75503 • 903.793.5646 • Fax 903.792.7630 • www.wilhen.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lindale Independent School District as of August 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information on page 54, schedule of the District's proportionate share of the net pension liability (TRS) on pages 55-56, schedule of District contributions to TRS on pages 57-58, schedule of the District's proportionate share of the OPEB liability (TRS) on page 59, and schedule of District contributions to TRS OPEB plan on page 60 to 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 Lindale Independent School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-4 and L-1. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the Lindale Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lindale Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lindale Independent School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Wilf & Henderson, P.C.".

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

December 8, 2021

LINDALE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

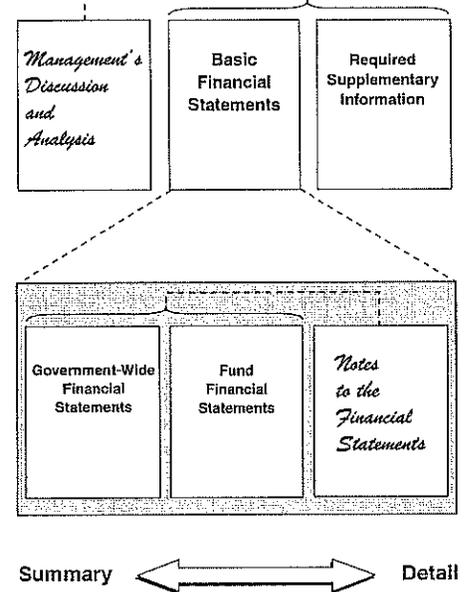
- The District's total combined net position was \$22,783,415 at August 31, 2021.
- During the year, the District's total General Fund balance decreased by (\$1,701,918).
- The District's M&O tax rate decreased to \$0.9280 and I&S rate decreased to \$0.3300.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, notes to those statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the government, reporting the District's operations in more detail than the Government-Wide Statements.
 - The Governmental Fund Statements tell how general government services were financed in the short term as well as what remains for future spending.
 - Proprietary Fund Statements offer financial information about the internal service fund used to report activities that provide services to organizations within the District.
 - Fiduciary Fund Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 on page 5 shows how the required parts of this annual report are arranged and related to one another.

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

**FIGURE A-2
MAJOR FEATURES OF THE DISTRICT’S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

| <i>Type of Statement</i> | Government-Wide | Governmental Funds | Proprietary Funds | Fiduciary Funds |
|---|--|--|--|---|
| <i>Scope</i> | Entire District’s government (except fiduciary funds) and the District’s component units | The activities of the District that are not proprietary or fiduciary | Activities the District operates similar to private businesses: self-insurance | Instances in which the District is the trustee or agent for someone else’s resources |
| <i>Required financial statements</i> | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position |
| <i>Accounting basis and measurement focus</i> | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| <i>Type of asset/liability information</i> | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; the Agency’s funds do not currently contain capital assets, although they can |
| <i>Type of flow/outflow information</i> | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid | All revenues and expenses during year, regardless of when cash is received or paid |

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three types of funds:

- **Governmental funds**—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-Wide Statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- **Proprietary funds**—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - We use internal service funds to report activities that provide supplies and services for the District's other programs and activities—such as the District's Workers Compensation Fund.
- **Fiduciary funds**—The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table I
Lindale Independent School District
NET POSITION

| | Governmental Activities 2021 | Governmental Activities 2020 | Total \$ Change | Total % Change |
|-----------------------------------|------------------------------------|------------------------------------|---------------------|-------------------|
| Current and other assets | \$ 23,980,118 | \$ 23,594,390 | \$ 385,728 | 1.63% |
| Capital assets | 98,441,340 | 100,625,865 | (2,184,525) | -2.17% |
| Total assets | <u>122,421,458</u> | <u>124,220,255</u> | <u>(1,798,797)</u> | <u>-1.45%</u> |
| Deferred outflows of resources | <u>8,307,239</u> | <u>9,424,016</u> | <u>(1,116,777)</u> | <u>-11.85%</u> |
| Other liabilities | 2,817,810 | 4,577,663 | (1,759,853) | -38.44% |
| Long-term liabilities outstanding | 74,592,858 | 79,384,778 | (4,791,920) | -6.04% |
| TRS net pension liability | 9,215,789 | 9,510,045 | (294,256) | -3.09% |
| TRS net OPEB liability | <u>11,403,606</u> | <u>13,829,948</u> | <u>(2,426,342)</u> | <u>-17.54%</u> |
| Total liabilities | <u>98,030,063</u> | <u>107,302,434</u> | <u>(9,272,371)</u> | <u>-8.64%</u> |
| Deferred inflows of resources | <u>9,915,219</u> | <u>7,532,624</u> | <u>2,382,595</u> | <u>31.63%</u> |
| Net position: | | | | |
| Net investment in capital assets | 25,377,197 | 22,940,653 | 2,436,544 | 10.62% |
| Restricted | 10,414,305 | 6,405,339 | 4,008,966 | 62.59% |
| Unrestricted | <u>(13,008,087)</u> | <u>(10,536,779)</u> | <u>(2,471,308)</u> | <u>-23.45%</u> |
| Total net position | <u>\$ 22,783,415</u> | <u>\$ 18,809,213</u> | <u>\$ 3,974,202</u> | <u>21.13%</u> |

Changes in net position. As shown on the following table, the District's total revenues were \$54,241,738. A significant portion of the District's revenue comes from property taxes and state aid. The total cost of all programs and services was \$50,267,536.

Governmental Activities

- Revenues from governmental fund types totaled \$54,241,738, an increase of 4.2% over the preceding year.
- Property tax assessment increased by 10.5% to \$1,728,546,020 with a rate of \$0.9280 for maintenance and operation and a rate of \$0.3300 for interest and sinking.
- The cost of all governmental activities this year was \$50,267,536.
- The amount that our taxpayers paid for these activities through property taxes was \$21,635,207.
- Some of the cost was paid by those who directly benefited from the programs of \$417,122 or by operating grants and contributions of \$7,235,119.
- The increase in net position for the year 2021 was primarily the result of increases in federal and state funding, as well as conservative spending.

Table II
Lindale Independent School District
CHANGES IN NET POSITION

| | Governmental Activities 2021 | Governmental Activities 2020 | Total Change | Total % Change |
|---|------------------------------------|------------------------------------|---------------------|-------------------|
| Revenues: | | | | |
| Program Revenues: | | | | |
| Charges for services | \$ 417,122 | \$ 883,738 | \$ (466,616) | -52.80% |
| Operating grants and contributions | 7,235,119 | 7,125,239 | 109,880 | 1.54% |
| General Revenues: | | | | |
| Property taxes levied for General Purposes | 16,136,328 | 15,714,066 | 422,262 | 2.69% |
| Property taxes levied for Debt Service | 5,498,879 | 5,455,419 | 43,460 | 0.80% |
| State Aid - Formula Grants | 23,796,315 | 21,510,359 | 2,285,956 | 10.63% |
| Investments earnings | 65,933 | 437,671 | (371,738) | -84.94% |
| Other general revenues | 1,092,042 | 654,239 | 437,803 | 66.92% |
| Sale of Capital Assets | - | 275,516 | (275,516) | -100.00% |
| Total Revenues | 54,241,738 | 52,056,247 | 2,185,491 | 4.20% |
| Expenses: | | | | |
| Instruction | 27,615,738 | 27,529,093 | 86,645 | 0.31% |
| Instructional Resources and Media Services | 484,771 | 482,010 | 2,761 | 0.57% |
| Curriculum and Staff Development | 529,218 | 377,871 | 151,347 | 40.05% |
| Instructional and School Leadership | 2,777,728 | 2,772,640 | 5,088 | 0.18% |
| Guidance, Counseling and Evaluation Services | 1,874,832 | 1,780,563 | 94,269 | 5.29% |
| Social Work Services | 986 | 1,191 | (205) | -17.21% |
| Health Services | 502,250 | 541,834 | (39,584) | -7.31% |
| Student (Pupil) Transportation | 2,119,055 | 1,769,523 | 349,532 | 19.75% |
| Food Services | 2,439,649 | 1,857,794 | 581,855 | 31.32% |
| Cocurricular/Extracurricular Activities | 2,081,196 | 2,013,083 | 68,113 | 3.38% |
| General Administration | 1,468,108 | 1,376,519 | 91,589 | 6.65% |
| Plant Maintenance and Operations | 4,973,757 | 4,760,395 | 213,362 | 4.48% |
| Security and Monitoring Services | 407,278 | 490,600 | (83,322) | -16.98% |
| Data Processing Services | 198,084 | 195,786 | 2,298 | 1.17% |
| Community Service | 9,345 | 10,841 | (1,496) | -13.80% |
| Debt Service | 2,422,352 | 2,670,817 | (248,465) | -9.30% |
| Payments to Fiscal Agents/Member Districts of SSA | 50,470 | 61,456 | (10,986) | -17.88% |
| Payments to Juvenile Justice Alternative Ed. Prg. | 1,237 | 1,235 | 2 | 0.16% |
| Other Intergovernmental Charges | 311,482 | 298,080 | 13,402 | 4.50% |
| Total Expenses | 50,267,536 | 48,991,331 | 1,276,205 | 2.60% |
| Increase (Decrease) in Net Position | 3,974,202 | 3,064,916 | 909,286 | 29.67% |
| Net Position Beginning of Year | 18,809,213 | 15,744,297 | 3,064,916 | 19.47% |
| Net Position End of Year | \$ 22,783,415 | \$ 18,809,213 | \$ 3,974,202 | 21.13% |

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table III
Lindale Independent School District
NET CHANGES IN FUND BALANCES

| | Governmental Funds 2021 | Governmental Funds 2020 | Total \$ Change | Total % Change |
|---|-------------------------------|-------------------------------|---------------------|-------------------|
| Revenues: | | | | |
| Local and Intermediate Sources | \$ 23,236,157 | \$ 22,838,770 | \$ 397,387 | 1.74% |
| State Program Revenues | 25,390,730 | 23,657,772 | 1,732,958 | 7.33% |
| Federal Program Revenues | 5,234,380 | 3,532,303 | 1,702,077 | 48.19% |
| Total Revenues | <u>53,861,267</u> | <u>50,028,845</u> | <u>3,832,422</u> | <u>7.66%</u> |
| Expenditures: | | | | |
| Instruction | 24,698,670 | 23,803,686 | 894,984 | 3.76% |
| Instructional resources & media services | 434,946 | 420,069 | 14,877 | 3.54% |
| Curriculum and instructional staff development | 474,115 | 373,843 | 100,272 | 26.82% |
| Instructional and school leadership | 2,475,018 | 2,364,104 | 110,914 | 4.69% |
| Guidance, counseling & evaluation services | 1,651,459 | 1,495,903 | 155,556 | 10.40% |
| Social work and health services | 449,242 | 467,648 | (18,406) | -3.94% |
| Student (pupil) transportation | 2,231,138 | 2,029,013 | 202,125 | 9.96% |
| Food services | 2,202,790 | 1,649,209 | 553,581 | 33.57% |
| Extracurricular activities | 1,886,946 | 1,976,654 | (89,708) | -4.54% |
| General administration | 1,310,428 | 1,179,485 | 130,943 | 11.10% |
| Facilities maintenance & operations | 4,508,958 | 4,325,933 | 183,025 | 4.23% |
| Security & monitoring services | 363,781 | 755,752 | (391,971) | -51.87% |
| Data processing services | 179,315 | 174,981 | 4,334 | 2.48% |
| Community service | 8,525 | 10,001 | (1,476) | -14.76% |
| Debt service | 7,041,820 | 6,395,712 | 646,108 | 10.10% |
| Facilities acquisition and construction | 1,266,691 | 21,234,681 | (19,967,990) | -94.03% |
| Payments to fiscal agent/member of SSA | 50,470 | 61,456 | (10,986) | -17.88% |
| Payments to juvenile justice alternative ed. prg. | 1,237 | 1,235 | 2 | 0.16% |
| Other intergovernmental charges | 311,482 | 298,080 | 13,402 | 4.50% |
| Total Expenditures | <u>51,547,031</u> | <u>69,017,445</u> | <u>(17,470,414)</u> | <u>-25.31%</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 2,314,236 | (18,988,600) | 21,302,836 | 112.19% |
| Other Financing Sources (Uses) | <u>-</u> | <u>275,516</u> | <u>(275,516)</u> | <u>-100.00%</u> |
| Net Change in Fund Balances | 2,314,236 | (18,713,084) | 21,027,320 | 112.37% |
| Fund Balance - Beginning of Year | <u>17,390,053</u> | <u>36,103,137</u> | <u>(18,713,084)</u> | <u>-51.83%</u> |
| Fund Balance - End of Year | <u>\$ 19,704,289</u> | <u>\$ 17,390,053</u> | <u>\$ 2,314,236</u> | <u>13.31%</u> |

General Fund Budgetary Highlights

Over the course of the year, the District increased its budgeted expenditures several times. The District's General Fund's budgeted balance decreased (\$3,492,920) during the year ended August 31, 2021. This decrease is largely due the District transferring to the capital project fund for future District capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had \$98,441,340 invested in a broad range of capital assets. This amount represents a net decrease of (\$2,184,525) due to depreciation costs exceeding current year additions. The District will continue construction projects in fiscal year 2022 as approved with the bond proceeds and use of funds from prior year fund balance.

More detailed information about the District's capital asset activity is presented in Note G to the financial statements.

Long Term Debt

At year-end, the District had \$66,804,212 in bonds outstanding versus \$70,534,212 last year. The decrease is due to payments on bonds during the year.

More detailed information about the District's long-term liabilities is presented in Notes H and I to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Net taxable property values used for the 2021-2022 budget preparation increased 10.7% over the prior year values. The maintenance and operations tax rate decreased to \$0.902 from \$0.928 as a result of state mandated tax compression and the interest and sinking tax rate decreased to \$0.29 from \$0.33 as a result of the increase in property values.
- The District's 2021-2022 refined average daily attendance is expected to increase slightly due to District area growth.

These indicators were taken into account when adopting the General Fund budget for 2021-2022. Amounts available for appropriation in the General Fund budget are \$40,474,330 a decrease of \$5,556,234 from the final 2020-2021 budget. The decrease is due to the elimination of a funds transfer to capital projects fund that was made in 2020-2021 for elementary school expansion. State revenue will decrease due to the increase in local tax values and the effect on Tier I funding. Also state funding changes resulted in a significant decrease in the First Growth Allotment. Total tax revenues will increase due to the increase in local tax values. The largest expenditure increases will be for employee pay raises.

If these estimates are realized, the District's budgetary General Fund balance is expected to increase slightly at the close of 2021-2022. The Board of Trustees plans to maintain the fund balance at two month operating costs fund balance as suggested by TEA. No other capital projects are planned from the General Fund at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Office at (903) 881-4000.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

| Data Control Codes | Primary Government Governmental Activities |
|---|--|
| ASSETS | |
| 1110 Cash and Cash Equivalents | \$ 20,373,648 |
| 1220 Property Taxes - Delinquent | 854,225 |
| 1230 Allowance for Uncollectible Taxes | (2,638) |
| 1240 Due from Other Governments | 2,684,508 |
| 1290 Other Receivables, Net | 8,962 |
| 1300 Inventories | 59,566 |
| 1410 Prepayments | 1,847 |
| Capital Assets: | |
| 1510 Land | 3,720,126 |
| 1520 Buildings and Improvements, Net | 91,174,933 |
| 1530 Furniture and Equipment, Net | 2,570,019 |
| 1540 Other Capital Assets, Net | 692,571 |
| 1580 Construction in Progress | 283,691 |
| 1000 Total Assets | 122,421,458 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| 1701 Deferred Charge for Refunding | 1,341,495 |
| 1705 Deferred Outflow Related to TRS Pension | 3,903,091 |
| 1706 Deferred Outflow Related to TRS OPEB | 3,062,653 |
| 1700 Total Deferred Outflows of Resources | 8,307,239 |
| LIABILITIES | |
| 2110 Accounts Payable | 237,247 |
| 2140 Accrued Interest Payable | 119,353 |
| 2150 Payroll Deductions and Withholdings | 1,413 |
| 2160 Accrued Wages Payable | 2,248,400 |
| 2180 Due to Other Governments | 4,073 |
| 2200 Accrued Expenses | 69,017 |
| 2300 Unearned Revenue | 138,307 |
| Noncurrent Liabilities: | |
| 2501 Due Within One Year: Loans, Note, Leases, etc. | 3,060,000 |
| Due in More than One Year: | |
| 2502 Bonds, Notes, Leases, etc. | 71,532,858 |
| 2540 Net Pension Liability (District's Share) | 9,215,789 |
| 2545 Net OPEB Liability (District's Share) | 11,403,606 |
| 2000 Total Liabilities | 98,030,063 |
| DEFERRED INFLOWS OF RESOURCES | |
| 2605 Deferred Inflow Related to TRS Pension | 1,564,857 |
| 2606 Deferred Inflow Related to TRS OPEB | 8,350,362 |
| 2600 Total Deferred Inflows of Resources | 9,915,219 |
| NET POSITION | |
| 3200 Net Investment in Capital Assets | 25,377,197 |
| Restricted: | |
| 3820 Restricted for Federal and State Programs | 152,198 |
| 3850 Restricted for Debt Service | 2,345,780 |
| 3860 Restricted for Capital Projects | 7,825,597 |
| 3890 Restricted for Other Purposes | 90,730 |
| 3900 Unrestricted | (13,008,087) |
| 3000 Total Net Position | \$ 22,783,415 |

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

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

EXHIBIT B-1

| Data Control Codes | 1 | Program Revenues | | 6 |
|--|--|-------------------|------------------------------|---|
| | | Expenses | 3 Charges for Services | 4 Operating Grants and Contributions |
| Primary Government: | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | |
| 11 Instruction | \$ 27,615,738 | \$ 7,045 | \$ 3,818,667 | \$ (23,790,026) |
| 12 Instructional Resources and Media Services | 484,771 | - | 25,236 | (459,535) |
| 13 Curriculum and Instructional Staff Development | 529,218 | - | 25,062 | (504,156) |
| 21 Instructional Leadership | 534,420 | - | 30,810 | (503,610) |
| 23 School Leadership | 2,243,308 | - | 147,457 | (2,095,851) |
| 31 Guidance, Counseling, and Evaluation Services | 1,874,832 | - | 567,892 | (1,306,940) |
| 32 Social Work Services | 986 | - | - | (986) |
| 33 Health Services | 502,250 | - | 34,069 | (468,181) |
| 34 Student (Pupil) Transportation | 2,119,055 | - | 126,903 | (1,992,152) |
| 35 Food Services | 2,439,649 | 205,224 | 2,064,000 | (170,425) |
| 36 Extracurricular Activities | 2,081,196 | 204,853 | 73,509 | (1,802,834) |
| 41 General Administration | 1,468,108 | - | 71,394 | (1,396,714) |
| 51 Facilities Maintenance and Operations | 4,973,757 | - | 167,070 | (4,806,687) |
| 52 Security and Monitoring Services | 407,278 | - | 69,950 | (337,328) |
| 53 Data Processing Services | 198,084 | - | 5,728 | (192,356) |
| 61 Community Services | 9,345 | - | 7,372 | (1,973) |
| 72 Debt Service - Interest on Long-Term Debt | 2,419,052 | - | - | (2,419,052) |
| 73 Debt Service - Bond Issuance Cost and Fees | 3,300 | - | - | (3,300) |
| 93 Payments Related to Shared Services Arrangements | 50,470 | - | - | (50,470) |
| 95 Payments to Juvenile Justice Alternative Ed. Prg. | 1,237 | - | - | (1,237) |
| 99 Other Intergovernmental Charges | 311,482 | - | - | (311,482) |
| [TP] TOTAL PRIMARY GOVERNMENT: | \$ 50,267,536 | \$ 417,122 | \$ 7,235,119 | (42,615,295) |
| Data Control Codes | General Revenues: | | | |
| | Taxes: | | | |
| MT | Property Taxes, Levied for General Purposes | | | 16,136,328 |
| DT | Property Taxes, Levied for Debt Service | | | 5,498,879 |
| SF | State Aid - Formula Grants | | | 23,796,315 |
| IE | Investment Earnings | | | 65,933 |
| MI | Miscellaneous Local and Intermediate Revenue | | | 1,092,042 |
| TR | Total General Revenues | | | 46,589,497 |
| CN | Change in Net Position | | | 3,974,202 |
| NB | Net Position - Beginning | | | 18,809,213 |
| NE | Net Position - Ending | | | \$ 22,783,415 |

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

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

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | 60 Capital Projects |
|--|-----------------------|----------------------------|---------------------------|
| ASSETS | | | |
| 1110 Cash and Cash Equivalents | \$ 14,160,608 | \$ 2,154,800 | \$ 2,575,126 |
| 1220 Property Taxes - Delinquent | 646,924 | 207,301 | - |
| 1230 Allowance for Uncollectible Taxes | (2,613) | (25) | - |
| 1240 Due from Other Governments | 2,094,086 | 106,533 | - |
| 1260 Due from Other Funds | 173,532 | - | 5,275,881 |
| 1290 Other Receivables | 2,388 | - | - |
| 1300 Inventories | - | - | - |
| 1410 Prepayments | 1,847 | - | - |
| 1000 Total Assets | <u>\$ 17,076,772</u> | <u>\$ 2,468,609</u> | <u>\$ 7,851,007</u> |
| LIABILITIES | | | |
| 2110 Accounts Payable | \$ 133,133 | \$ 301 | \$ 24,512 |
| 2150 Payroll Deductions and Withholdings Payable | 1,413 | - | - |
| 2160 Accrued Wages Payable | 1,876,001 | - | - |
| 2170 Due to Other Funds | 5,275,881 | - | - |
| 2180 Due to Other Governments | - | 3,175 | 898 |
| 2200 Accrued Expenditures | 34,622 | - | - |
| 2300 Unearned Revenue | 60,720 | - | - |
| 2000 Total Liabilities | <u>7,381,770</u> | <u>3,476</u> | <u>25,410</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 2601 Unavailable Revenue - Property Taxes | 644,310 | 207,276 | - |
| 2600 Total Deferred Inflows of Resources | <u>644,310</u> | <u>207,276</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable Fund Balance: | | | |
| 3410 Inventories | - | - | - |
| 3430 Prepaid Items | 1,847 | - | - |
| Restricted Fund Balance: | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - |
| 3470 Capital Acquisition and Contractual Obligation | - | - | 7,825,597 |
| 3480 Retirement of Long-Term Debt | - | 2,257,857 | - |
| 3490 Other Restricted Fund Balance | - | - | - |
| Committed Fund Balance: | | | |
| 3530 Capital Expenditures for Equipment | 300,000 | - | - |
| 3545 Other Committed Fund Balance | - | - | - |
| Assigned Fund Balance: | | | |
| 3590 Other Assigned Fund Balance | 132,907 | - | - |
| 3600 Unassigned Fund Balance | 8,615,938 | - | - |
| 3000 Total Fund Balances | <u>9,050,692</u> | <u>2,257,857</u> | <u>7,825,597</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 17,076,772</u> | <u>\$ 2,468,609</u> | <u>\$ 7,851,007</u> |

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

| Other Funds | Total Governmental Funds |
|---------------------|--------------------------------|
| \$ 685,281 | \$ 19,575,815 |
| - | 854,225 |
| - | (2,638) |
| 483,889 | 2,684,508 |
| - | 5,449,413 |
| 6,574 | 8,962 |
| 59,566 | 59,566 |
| - | 1,847 |
| <u>\$ 1,235,310</u> | <u>\$ 28,631,698</u> |
| | |
| \$ 7,254 | \$ 165,200 |
| - | 1,413 |
| 372,399 | 2,248,400 |
| 173,532 | 5,449,413 |
| - | 4,073 |
| 34,395 | 69,017 |
| 77,587 | 138,307 |
| <u>665,167</u> | <u>8,075,823</u> |
| | |
| - | 851,586 |
| <u>-</u> | <u>851,586</u> |
| | |
| 59,566 | 59,566 |
| - | 1,847 |
| 152,198 | 152,198 |
| - | 7,825,597 |
| - | 2,257,857 |
| 29,317 | 29,317 |
| - | 300,000 |
| 329,062 | 329,062 |
| - | 132,907 |
| - | 8,615,938 |
| <u>570,143</u> | <u>19,704,289</u> |
| | |
| <u>\$ 1,235,310</u> | <u>\$ 28,631,698</u> |

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

EXHIBIT C-2

| | | |
|--|-----------|-------------------|
| Total Fund Balances - Governmental Funds | \$ | 19,704,289 |
| 1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. | | 725,786 |
| 2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$145,285,810 and the accumulated depreciation was (\$44,659,945). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. These liabilities totaled (\$79,384,778). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. | | 21,241,087 |
| 3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase net position. | | 6,494,105 |
| 4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$3,903,091, a deferred resource inflow in the amount of (\$1,564,857), and a net pension liability in the amount of (\$9,215,789). This resulted in a (decrease) in net position. | | (6,877,555) |
| 5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$3,062,653, a deferred resource inflow in the amount of (\$8,350,362), and a net OPEB liability in the amount of (\$11,403,606). This resulted in a (decrease) in net position. | | (16,691,315) |
| 6 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position. | | (4,078,301) |
| 7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position. | | 2,265,319 |
| 19 Net Position of Governmental Activities | \$ | 22,783,415 |

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

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

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | 60 Capital Projects |
|--|-----------------------|----------------------------|---------------------------|
| REVENUES: | | | |
| 5700 Total Local and Intermediate Sources | \$ 17,009,507 | \$ 5,735,675 | \$ 11,751 |
| 5800 State Program Revenues | 24,987,167 | 151,251 | - |
| 5900 Federal Program Revenues | 713,926 | - | - |
| 5020 Total Revenues | <u>42,710,600</u> | <u>5,886,926</u> | <u>11,751</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | 22,873,388 | - | 2,967 |
| 0012 Instructional Resources and Media Services | 423,658 | - | - |
| 0013 Curriculum and Instructional Staff Development | 469,470 | - | - |
| 0021 Instructional Leadership | 475,739 | - | - |
| 0023 School Leadership | 1,984,292 | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | 1,171,831 | - | - |
| 0032 Social Work Services | 900 | - | - |
| 0033 Health Services | 448,342 | - | - |
| 0034 Student (Pupil) Transportation | 2,228,697 | - | - |
| 0035 Food Services | 27,652 | - | - |
| 0036 Extracurricular Activities | 1,874,439 | - | 12,500 |
| 0041 General Administration | 1,286,140 | - | - |
| 0051 Facilities Maintenance and Operations | 4,504,958 | - | - |
| 0052 Security and Monitoring Services | 290,734 | - | 22,697 |
| 0053 Data Processing Services | 179,315 | - | - |
| 0061 Community Services | 745 | - | - |
| Debt Service: | | | |
| 0071 Principal on Long-Term Debt | 309,029 | 3,730,000 | - |
| 0072 Interest on Long-Term Debt | - | 2,438,191 | - |
| 0073 Bond Issuance Cost and Fees | - | 3,300 | - |
| Capital Outlay: | | | |
| 0081 Facilities Acquisition and Construction | - | - | 1,266,691 |
| Intergovernmental: | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | 50,470 | - | - |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg. | 1,237 | - | - |
| 0099 Other Intergovernmental Charges | 311,482 | - | - |
| 6030 Total Expenditures | <u>38,912,518</u> | <u>6,171,491</u> | <u>1,304,855</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>3,798,082</u> | <u>(284,565)</u> | <u>(1,293,104)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| 7915 Transfers In | - | - | 5,500,000 |
| 8911 Transfers Out (Use) | (5,500,000) | - | - |
| 7080 Total Other Financing Sources (Uses) | <u>(5,500,000)</u> | <u>-</u> | <u>5,500,000</u> |
| 1200 Net Change in Fund Balances | (1,701,918) | (284,565) | 4,206,896 |
| 0100 Fund Balance - September 1 (Beginning) | <u>10,752,610</u> | <u>2,542,422</u> | <u>3,618,701</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 9,050,692</u> | <u>\$ 2,257,857</u> | <u>\$ 7,825,597</u> |

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

| | Other Funds | Total Governmental Funds |
|----|----------------|--------------------------------|
| \$ | 479,224 | \$ 23,236,157 |
| | 252,312 | 25,390,730 |
| | 4,520,454 | 5,234,380 |
| | 5,251,990 | 53,861,267 |
| | 1,822,315 | 24,698,670 |
| | 11,288 | 434,946 |
| | 4,645 | 474,115 |
| | - | 475,739 |
| | 14,987 | 1,999,279 |
| | 479,628 | 1,651,459 |
| | - | 900 |
| | - | 448,342 |
| | 2,441 | 2,231,138 |
| | 2,175,138 | 2,202,790 |
| | 7 | 1,886,946 |
| | 24,288 | 1,310,428 |
| | 4,000 | 4,508,958 |
| | 50,350 | 363,781 |
| | - | 179,315 |
| | 7,780 | 8,525 |
| | 561,300 | 4,600,329 |
| | - | 2,438,191 |
| | - | 3,300 |
| | - | 1,266,691 |
| | - | 50,470 |
| | - | 1,237 |
| | - | 311,482 |
| | 5,158,167 | 51,547,031 |
| | 93,823 | 2,314,236 |
| | - | 5,500,000 |
| | - | (5,500,000) |
| | - | - |
| | 93,823 | 2,314,236 |
| | 476,320 | 17,390,053 |
| \$ | 570,143 | \$ 19,704,289 |

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

EXHIBIT C-4

| | |
|--|---------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 2,314,236 |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to (decrease) net position. | (138,766) |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase net position. | 6,494,105 |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position. | (4,078,301) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to (decrease) net position. | (7,519) |
| GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$825,257. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling (\$709,901). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) the change in net position by (\$909,298). The net result is a (decrease) in the change in net position. | (793,942) |
| GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$245,061. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling (\$227,975). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased) the change in net position by \$167,303. The net result is an increase in the change in net position. | 184,389 |
| Change in Net Position of Governmental Activities | \$ 3,974,202 |

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

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

EXHIBIT D-1

| | Governmental Activities - |
|---------------------------|------------------------------|
| | Internal Service Fund |
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 797,833 |
| Total Assets | 797,833 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 72,047 |
| Total Liabilities | 72,047 |
| NET POSITION | |
| Unrestricted Net Position | 725,786 |
| Total Net Position | \$ 725,786 |

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

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

| | Governmental Activities - |
|--|------------------------------|
| | Internal Service Fund |
| <hr/> | |
| OPERATING REVENUES: | |
| Local and Intermediate Sources | \$ 2,435 |
| Total Operating Revenues | <u>2,435</u> |
| OPERATING EXPENSES: | |
| Professional and Contracted Services | <u>141,201</u> |
| Total Operating Expenses | <u>141,201</u> |
| Operating Income (Loss) | (138,766) |
| Total Net Position - September 1 (Beginning) | <u>864,552</u> |
| Total Net Position - August 31 (Ending) | <u><u>\$ 725,786</u></u> |

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

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

EXHIBIT D-3

| | Governmental Activities - |
|---|------------------------------|
| | Internal Service Fund |
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from User Charges | \$ 352,435 |
| Cash Payments for Insurance Claims | (104,246) |
| Net Cash Provided by Operating Activities | 248,189 |
| Net Increase in Cash and Cash Equivalents | 248,189 |
| Cash and Cash Equivalents at Beginning of Year | 549,644 |
| Cash and Cash Equivalents at End of Year | \$ 797,833 |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | |
| <u>Provided by Operating Activities:</u> | |
| Operating Income (Loss): | \$ (138,766) |
| Effect of Increases and Decreases in Current Assets and Liabilities: | |
| Decrease (increase) in Receivables | 350,000 |
| Increase (decrease) in Accounts Payable | 36,955 |
| Net Cash Provided by Operating Activities | \$ 248,189 |

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

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

| | Total Custodial Funds |
|-------------------------------|-----------------------------|
| <hr/> | |
| ASSETS | |
| Cash and Cash Equivalents | \$ 402,293 |
| Total Assets | <u>402,293</u> |
| NET POSITION | |
| Restricted for Other Purposes | <u>402,293</u> |
| Total Net Position | <u>\$ 402,293</u> |

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

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

| | Total Custodial Funds |
|--|------------------------------|
| ADDITIONS: | |
| Contributions to Student Groups | \$ 503,591 |
| Contributions, Gifts and Donations | 30,464 |
| Total Additions | <u>534,055</u> |
| DEDUCTIONS: | |
| Other Deductions | 486,007 |
| Total Deductions | <u>486,007</u> |
| Change in Fiduciary Net Position | 48,048 |
| Total Net Position - September 1 (Beginning) | <u>354,245</u> |
| Total Net Position - August 31 (Ending) | <u><u>\$ 402,293</u></u> |

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. REPORTING ENTITY

The Board is elected by the public, and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units that are material to the reporting entity, and none are included in the financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include "charges for services" and "grants and contributions." The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. Non-program revenues are considered general revenue available to support all of the District's functions. Taxes are always general revenues. In the government-wide statements, indirect expenses (like depreciation) are allocated to functions based on the character of the expense.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. For the most part, the effect of interfund activity has been removed from the government-wide statements, although interfund services provided and used are not eliminated in the process of consolidation.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

LINDALE INDEPENDENT SCHOOL DISTRICT
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3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Agency funds, however, are unlike all types of other funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

4. FUND ACCOUNTING

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

The District reports the following major governmental funds:

- **General Fund** - This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program, and Medicaid reimbursement. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

LINDALE INDEPENDENT SCHOOL DISTRICT
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- **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund which is a budgeted fund. Revenues include collections on property taxes and earnings on investments of the fund. The fund balance represents amounts that will be used for retirement of bonds and payment of interest in the future.
- **Capital Projects Fund** – This governmental fund is established to account for proceeds, on the modified accrual basis, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

Additionally, the District reports the following fund types:

Governmental Funds:

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

Proprietary Funds:

- **Internal Service Funds** - These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The District's Internal Service Fund is Workers' Compensation and is not a budgeted fund.

Fiduciary Funds:

- **Custodial Funds** - The District accounts for resources held for others in a custodial capacity in custodial funds. The District's custodial funds include the Student Activity Fund and the Lindale Education Foundation.

5. FUND BALANCE CLASSIFICATION

During fiscal year ending 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications, as reported on Exhibit C-1, describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Board, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint. The District has committed \$300,000 for equipment and \$329,062 for campus activity funds as August 31, 2021.

Assigned fund balance – amounts the Board intends to use for a specific purpose. Intent can be expressed by the Superintendent or Director of Finance, through which the Board has delegated the authority. The District has assigned \$132,907 for encumbrances as of August 31, 2021.

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Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). When it is appropriate for fund balance to be assigned, (such as for the purchase of fixed assets, construction, debt service, or for other purposes), the Board designated the authority to the Superintendent and Director of Finance.

In the General Fund, the District's goal is to maintain sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The District strives to maintain a yearly fund balance in the General Fund in which the total fund balance is equal to the unassigned fund balance plus the committed fund balance. The unassigned fund balance shall be equal to at least two months of the total operating expenditures. The ending unassigned fund balance as of August 31, 2021, exceeds two months of total operating expenditures.

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

6. CASH AND CASH EQUIVALENTS

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. See Note C for more detail on deposits and investments.

7. INVENTORIES

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program.

Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

8. LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

9. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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10. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture, and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 and more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated.

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

| Asset Class | Estimated Useful Lives (in years) |
|--------------------------|--------------------------------------|
| Buildings and Expansions | 50 |
| Building Improvements | 20 |
| Vehicles | 8 |
| Office Equipment | 5 |
| Computer Equipment | 5 |
| Large Equipment | 12 |

11. COMPENSATED ABSENCES

It is the District's policy to permit some employees to accumulate earned but unused sick pay benefits. The liability for accumulated unpaid sick leave benefits is reported as a Noncurrent Liability in the Statement of Net Position. See Note I for a summary of changes in the accumulated sick leave liability.

12. INTERNAL SERVICE FUND

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

13. GRANT REVENUE

The District has reported restricted assets in the instance of grants received for restricted purposes.

14. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

15. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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16. RESTRICTED AND UNRESTRICTED ASSETS

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

17. DATA CONTROL CODES

The Data Control Codes refer to the account code structure prescribed by TEA in the *Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

18. FUNCTIONS

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing service and other intergovernmental charges functions (Data control codes 41, 53 and 99, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

19. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

Note B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

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

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT
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Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control and revenues and expenses related to the COVID-19 pandemic, several amendments were necessary during the year.

The following budget amendments were made during the year:

General Fund:

| | |
|--|--------------------|
| Increase in Revenues - Local and Intermediate Sources | 791,000 |
| Increase in Revenues - State Program Revenues | 793,918 |
| Increase in Revenues - Federal Sources | 280,000 |
| Decrease in Expenditures - Instruction (11) | 326,082 |
| (Increase) in Expenditures - Instructional Leadership (21) | (25,000) |
| (Increase) in Expenditures - School Leadership (23) | (20,000) |
| Decrease in Expenditures - Student (Pupil) Transportation (34) | 180,000 |
| (Increase) in Expenditures - Co Curricular (36) | (300,000) |
| (Increase) in Expenditures - Principal on Long-Term Debt (71) | (18,920) |
| (Increase) in Other Financing Uses - Transfers Out | (5,500,000) |
| | <u>(3,492,920)</u> |

Food Service:

| | |
|---|-----------|
| (Decrease) in Revenues - Local and Intermediate Sources | (470,000) |
| Increase in Revenues - Federal Sources | 620,000 |
| (Increase) in Expenditures - Food Services (35) | (50,000) |
| (Decrease) in Other Financing Sources - Transfers In | (100,000) |
| | <u>-</u> |

Debt Service:

| | |
|--|----------------|
| Increase in Revenues - Local and Intermediate Sources | 125,000 |
| Increase in Revenues - State Program Revenues | 120,000 |
| (Increase) in Expenditures - Interest on Long-Term Debt (72) | (105,000) |
| | <u>140,000</u> |

Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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

LINDALE INDEPENDENT SCHOOL DISTRICT
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A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

| | 08/31/21 Fund Balance |
|---|--------------------------|
| Appropriated Budget Funds - Food Service Special Revenue Fund | 211,732 |
| Nonappropriated Budget Funds | 358,411 |
| All Nonmajor Governmental Special Revenue Funds | 570,143 |

NOTE C. DEPOSITS AND INVESTMENTS

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

The District's cash deposits at August 31, 2021 and during the year were entirely covered by FDIC insurance or pledged securities purchased by the depository bank in the District's name.

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2021, Lindale Independent School District had the following investments:

| Investment Type | Investment Maturities (in years) | | | | |
|---------------------|----------------------------------|----------------|-----|------|-----------------|
| | Fair Value* | Less than 1 | 1-5 | 6-10 | More than 10 |
| Investment Pools ** | | | | | |
| Lone Star *** | 4,275,237 | 4,275,237 | - | - | - |
| Total | 4,275,237 | 4,275,237 | - | - | - |

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

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

***Investments in local government pool are based upon a contract and not the security itself. The above investment pools, which are regulated by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00.

Lone Star Investment Pool (Pool) was organized in 1991 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 Pool is administered by First Public, formerly known as Texas Association of School Boards Financial Services. The Pool is governed by an 11-member board, all of whom are participants in the Pool.

Policies Governing Deposits and Investments

In compliance with the Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

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

Foreign Currency Risk: The District does not have any deposits or investments denominated in a foreign currency.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District requires investments to be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during the 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires any internally created pool fund group of the District to have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District may not exceed one year from the time of purchase. All of the District's investments at August 31, 2021, had a maturity of one year or less.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, the Pool invests only in investments authorized under the Act. As of August 31, 2021, the Pool's investments credit quality rating was AAA (Standard & Poor's).

NOTE D. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the roll on January 1, 2020 upon which the levy for the 2020 fiscal year was based was \$1,728,546,020. The tax rate levied for the year ended August 31, 2021 to finance General Fund operations and the payment of principal and interest on general obligations long-term debt were \$0.92800 and \$0.33000 per \$100 per valuation, respectively, for a total of \$1.25800 per \$100 valuation.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE E. DELINQUENT TAXES RECEIVABLE

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

NOTE F. DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables at August 31, 2021, were as follows:

| | Property Taxes | Other Governments | Due from Other Funds | Other Receivables | Total Receivables |
|--|-------------------|----------------------|-------------------------|----------------------|----------------------|
| Governmental Activities: | | | | | |
| General Fund | 646,924 | 2,094,086 | 173,532 | 2,388 | 2,916,930 |
| Debt Service | 207,301 | 106,533 | - | - | 313,834 |
| Capital Projects | - | - | 5,275,881 | - | 5,275,881 |
| Nonmajor Governmental Funds (Special Revenue) | - | 483,889 | - | 6,574 | 490,463 |
| Total - Governmental Activities | 854,225 | 2,684,508 | 5,449,413 | 8,962 | 8,997,108 |

| | | | | | |
|--|---------|---|---|---|---------|
| Amounts not scheduled for collection during the subsequent year | (2,638) | - | - | - | (2,638) |
|--|---------|---|---|---|---------|

Payables at August 31, 2021, were as follows:

| | Accounts Payable | Salaries/ Benefits | Due to Other Funds | Other Governments | Total Payables |
|--|---------------------|-----------------------|--------------------------|----------------------|-------------------|
| Governmental Activities: | | | | | |
| General Fund | 133,133 | 1,912,036 | 5,275,881 | - | 7,321,050 |
| Debt Service Fund | 301 | - | - | 3,175 | 3,476 |
| Capital Projects | 24,512 | - | - | 898 | 25,410 |
| Nonmajor Governmental Funds (Special Revenue) | 7,254 | 406,794 | 173,532 | - | 587,580 |
| Total - Governmental Activities | 165,200 | 2,318,830 | 5,449,413 | 4,073 | 7,937,516 |
| Proprietary Activities: | | | | | |
| Internal Service Fund | 72,047 | - | - | - | 72,047 |

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE G. CAPITAL ASSET ACTIVITY

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

| | Beginning Balance | Additions | Retirements/ Reclassifications | Ending Balance |
|---|----------------------|--------------------|-----------------------------------|--------------------|
| Governmental Activities: | | | | |
| Land | 3,323,948 | 396,178 | - | 3,720,126 |
| Building and Improvements | 114,695,539 | 197,611 | 15,389,330 | 130,282,480 |
| Furniture and Equipment | 9,029,436 | 627,084 | (263,560) | 9,392,960 |
| Construction in Progress | 15,000,118 | 672,903 | (15,389,330) | 283,691 |
| Assets under capital lease | 3,236,769 | - | - | 3,236,769 |
| Totals at Historic Cost | <u>145,285,810</u> | <u>1,893,776</u> | <u>(263,560)</u> | <u>146,916,026</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | 35,919,894 | 3,187,653 | - | 39,107,547 |
| Furniture and Equipment | 6,592,729 | 493,772 | (263,560) | 6,822,941 |
| Assets under capital lease | 2,147,322 | 396,876 | - | 2,544,198 |
| Total Accumulated Depreciation | <u>44,659,945</u> | <u>4,078,301</u> | <u>(263,560)</u> | <u>48,474,686</u> |
| Governmental Activities, Net: | | | | |
| Land | 3,323,948 | 396,178 | - | 3,720,126 |
| Building and Improvements, Net | 78,775,645 | (2,990,042) | 15,389,330 | 91,174,933 |
| Furniture and Equipment, Net | 2,436,707 | 133,312 | - | 2,570,019 |
| Construction in Progress | 15,000,118 | 672,903 | (15,389,330) | 283,691 |
| Assets under capital lease Net | 1,089,447 | (396,876) | - | 692,571 |
| Capital Assets, Net | <u>100,625,865</u> | <u>(2,184,525)</u> | <u>-</u> | <u>98,441,340</u> |

During the year, the District purchased several capital assets, including band instruments, a Ford Expedition, four buses, two mowers, a forklift, a floor scrubber, a laser engraver, a boilerless convection steamer, baseball backstop netting, a dell data center, and two pieces of land.

In FY 2019, the District signed a construction contract with a guaranteed maximum of \$22,184,080 with Jackson Construction for renovations and improvements to the high school and construction of multi-use facility and gymnasium. At the beginning of the year, the District had \$15,000,118 in construction in progress related to these projects. In fiscal year 2021, the District paid \$345,912 of the contract price and \$43,300 for architect and other fees related to the projects. The High School Expansion was completed for a total cost of \$15,389,330.

Additionally, the District paid \$197,611 to Jackson Construction for two parking lot expansions.

In September 2021, the District signed a construction contract with a guaranteed maximum of \$6,767,050 with Jackson Construction for renovations and improvements to College Street Elementary and Early Childhood Center. The District incurred \$283,691 for architect and other fees related to the projects. These costs are reflected in construction in progress.

In FY 2021, the District disposed of several fully depreciated buses and vehicles with a total original cost of \$263,560.

LINDALE INDEPENDENT SCHOOL DISTRICT
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Depreciation expense was charged to governmental functions as follows:

| | |
|--|------------------|
| Instruction | 2,349,338 |
| Instructional Resources and Media Services | 41,372 |
| Curriculum and Instructional Staff Development | 45,098 |
| Instructional Leadership | 45,252 |
| School Leadership | 190,171 |
| Guidance, Counseling and Evaluation Services | 157,087 |
| Social Work Services | 86 |
| Health Services | 42,646 |
| Student (Pupil) Transportation | 212,226 |
| Food Services | 209,529 |
| Cocurricular/Extracurricular Activities | 179,486 |
| General Administration | 124,648 |
| Facilities Maintenance and Operations | 428,892 |
| Security and Monitoring Services | 34,603 |
| Data Processing Services | 17,056 |
| Community Services | 811 |
| Total Depreciation Expense | <u>4,078,301</u> |

NOTE H. LONG-TERM OBLIGATIONS

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District. There are a number of limitations and restriction contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2021.

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

| | Beginning Balance | | Additions | | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|-----|----------------|-----|--------------------|---------------------|------------------------|
| Bonds payable | \$70,534,212 | | \$ - | (a) | (\$3,730,000) | \$66,804,212 | \$3,060,000 |
| CAB accreted interest | 1,450,964 | (b) | 411,409 | | - | 1,862,373 | - |
| Premium and discount on issuance costs | 6,340,423 | | | (c) | (601,370) | 5,739,053 | - |
| Capital leases | 870,329 | | - | (d) | (870,329) | - | - |
| Other Liabilities: | | | | | | | |
| Compensated absences | 188,850 | | - | | (1,630) | 187,220 | - |
| TRS Net Pension Liability | 9,510,045 | | 415,715 | | (709,971) | 9,215,789 | - |
| TRS Net OPEB Liability | 13,829,948 | | - | | (2,426,342) | 11,403,606 | - |
| Total | <u>\$102,724,771</u> | | <u>827,124</u> | | <u>(8,339,642)</u> | <u>\$95,212,253</u> | <u>\$3,060,000</u> |

- (a) Principal bond payments totaling \$3,730,000
- (b) Accreted interest on Capital Appreciation Bond
- (c) Amortization of bond premium
- (d) Principal payment on capital lease

LINDALE INDEPENDENT SCHOOL DISTRICT
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Bonds Payable

Bonded indebtedness of the District is reflected in the Statement of Net Position. The following is a summary of bonds payable outstanding at August 31, 2021:

| Title of Issue | Maturity Date | Interest Rates | Amount Outstanding |
|---|------------------|----------------|-----------------------|
| Series 2005 Capital Appreciation Bond | 2/15/2019 | 0.00% | \$ 119 |
| Series 2010 Tax School Building and Refunding Bonds | 2/15/2040 | 2.00-5.40% | 4,150,000 |
| Series 2015 Tax School Refunding Bonds | 2/15/2023 | 2.00% | 3,275,000 |
| Series 2017 Unlimited Tax School Refunding Bonds | 2/15/2030 | 0.00% | 5,659,093 |
| Series 2018 Unlimited Tax School Refunding Bonds | 2/15/2040 | 3.00-5.00% | 24,630,000 |
| Series 2019 Term and Serial Bonds | 2/15/2049 | 3.00-5.00% | 29,090,000 |
| Total | | | <u>66,804,212</u> |

Unlimited Tax Refunding Bonds, Series 2017

On August 15, 2017, the District issued \$5,659,093 of Unlimited Tax Refunding Bonds, Series 2017 issued to redeem Unlimited Tax School Building Capital Appreciation Bonds, Series 2011 in the amount of \$5,659,156 representing the original principal amount of the Bonds of \$5,659,003, plus an issue premium of \$2,480,671. The Series 2017 is comprised of Capital Appreciation Bonds. The funds were deposited in a trust with an escrow agent to provide all future debt service payments on the Series 2011 bonds when called on February 15, 2020. As a result, the Unlimited Tax School Building Bonds, Series 2011 is considered defeased and the District has removed the liability from its financial statements. The advance refunding reduced total debt service payments over the next 12 years by approximately \$875,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$690,246.

Unlimited Tax Refunding Bonds, Series 2018

On August 1, 2018, the District issued \$25,395,000 of Unlimited Tax Refunding Bonds, Series 2018 issued to redeem Build America Bonds, Series 2010 in the amount of \$25,495,000 representing the original principal amount of the Bonds of \$25,495,000, plus an issue premium of \$1,763,464. The Series 2018 is comprised of \$21,800,000 of Serial Bonds and \$3,595,000 of Term Bonds.

During the year ended August 31, 2021, bond proceeds for refunding the Build America Bonds, Series 2010 were accounted for in the Debt Service Fund as other financing sources in the amount of \$24,630,000 capital related debt issued and \$1,474,598 premium/discount on issuance bonds. The outstanding principal refunded on the Series 2010 bond was \$25,395,000. The escrow payment of \$26,787,388 was accounted for in the Debt Service Fund as other financing uses. The funds were deposited in a trust with an escrow agent to provide all future debt service payments on the Series 2010 bonds when called on February 15, 2020. As a result, the Build America Bonds, Series 2010 is considered defeased and the District has removed the liability from its financial statements.

The advance refunding reduced total debt service payments over the next 21 years by approximately \$7,678,520. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,861,746.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Unlimited Tax School Building Bonds, Series 2019

On February 26, 2019, the District issued the Unlimited Tax School Building Bonds, Series 2019 for designing, constructing, renovating, improving, upgrading, updating, acquiring and equipping school facilities. The Series 2019 is comprised of \$14,730,000 Serial Bonds, \$15,600,000 Term Bonds and \$3,118,986 in premiums. During the year ended August 31, 2021, bond proceeds for the Bond 2019 were accounted for in the Capital Projects Fund as other financing sources in the amount of \$30,330,000 capital related debt issued and \$2,479,920 premium/discount on issuance bonds. The remaining premium was accounted for the in the Debt Service Fund in the amount of \$639,066.

In the governmental fund financial statements, the current expenditures for principal and interest expenditures are accounted for in the Debt Service Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance. During the year ended August 31, 2021, the District paid \$3,730,000 in principal, \$2,438,191 in interest (net of tax credit), and \$3,300 in fees.

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium/discount on issuance of bonds, net of accumulated amortization, totaled \$5,739,053 at August 31, 2021. During the year ended August 31, 2021 bond premium/discount proceeds are deferred and amortized over the life of the bonds. Amortization of \$601,370 is reflected in the Statement of Activities for the year ended August 31, 2021. Interest expense accreted of \$411,409 on the CAB Bonds is reflected in the Statement of Activities for the year ended August 31, 2021.

Direct Subsidy – Qualified School Construction Bonds

Certain Series 2010 bonds include an irrevocable election to receive directly from the United States Department of the Treasury a tax credit equal to the amount of interest which would have been payable on the Securities by the Issuer if such interest were determined at the credit rate determined under section 54A(b)(3) of the Code (which credit rate applicable to the Bonds is 5.35% per annum), which election is based on the Securities' qualification as "Qualified School Construction Bonds" under section 54F of the Code and as "qualified bonds" under subsection 6431(f)(1)(A) of the Code, and the Issuer's irrevocable election to treat the Securities as such at the time of their issuance. The District was notified from the Internal Revenue Service during fiscal year 2021 that the tax credit was being reduced by 5.38%. As of August 31, 2021, the net amount of the tax credit received amounted to \$224,514.

Rebatable Arbitrage Payable

The Tax Reform Act of 1986 requires that the excess interest earned on tax-exempt bond proceeds over interest cost must be remitted to the federal government. These arbitrage interest earnings are paid from the Capital Projects Funds, if applicable, and must be remitted every five years from the date of issue. During the fiscal year August 31, 2021, no arbitrage payments were made to the IRS. Furthermore, there was no arbitrage liability at August 31, 2021.

Bonds Payable

Bonded indebtedness of the District is reflected in the Statement of Net Position.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The annual debt service requirements for principal and interest on the bonds are as follows:

| Year Ended | General Obligation Bonds | | |
|------------|--------------------------|-------------------|--------------------|
| | Principal | Interest | Total Requirements |
| August 31 | | | |
| 2022 | 3,060,000 | 2,547,400 | 5,607,400 |
| 2023 | 3,320,000 | 2,448,280 | 5,768,280 |
| 2024 | 2,999,250 | 2,831,770 | 5,831,020 |
| 2025 | 3,019,931 | 2,784,580 | 5,804,511 |
| 2026 | 3,059,623 | 2,718,478 | 5,778,101 |
| 2027-2031 | 13,005,290 | 11,970,740 | 24,976,030 |
| 2032-2036 | 12,275,000 | 6,823,775 | 19,098,775 |
| 2037-2041 | 13,070,000 | 4,179,863 | 17,249,863 |
| 2042-2046 | 7,530,000 | 2,274,250 | 9,804,250 |
| 2047-2049 | 5,465,118 | 419,124 | 5,884,242 |
| | <u>66,804,212</u> | <u>38,998,260</u> | <u>105,802,472</u> |

The deferred charge on refunding bonds, net of accumulated amortization, totaled \$1,341,495 at August 31, 2021. Amortization of \$169,221 is reflected in the Statement of Activities for the year ended August 31, 2021.

The following is a summary of changes in deferred outflows of resources – charges for refunding for the year ended August 31, 2021.

| | Beginning Balance | Additions | Reduction | Ending Balance |
|----------------------------------|-------------------|-----------|------------------|------------------|
| Deferred charges for refundings: | | | | |
| Series 2015 | 43,893 | - | (24,252) | 19,641 |
| Series 2017 | 519,219 | - | (33,663) | 485,556 |
| Series 2018 | 947,604 | - | (111,306) | 836,298 |
| | <u>1,510,716</u> | <u>-</u> | <u>(169,221)</u> | <u>1,341,495</u> |

NOTE I. CAPITAL LEASES

On May 22, 2019, the District executed a lease purchase agreement of \$1,214,220 for the purchase of Apple I pads. The lease is payable in one initial payment of \$53,781 and four equal payments of \$290,110 beginning September 30, 2019. The lease has an interest rate of 0.00%.

In the governmental fund statements for the year ended August 31, 2021, the expenditures were accounted for in the General Fund, Function 71 - Capital Lease Obligation Principal of \$309,029 and Fund 266 – ESSER I, Function 71 – Capital Lease Obligation Principal of \$561,300.

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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A summary of changes in capital leases for the year ended August 31, 2021 is as follows:

| <u>Description</u> | <u>Stated Interest Rate</u> | <u>Amounts Outstanding 9/1/20</u> | <u>Additions</u> | <u>Reductions</u> | <u>Amounts Outstanding 8/31/21</u> |
|--------------------|-------------------------------------|---|------------------|-------------------|--|
| Apple Ipad | 0.00% | 870,329 | - | (870,329) | - |
| Total | | 870,329 | - | (870,329) | - |

NOTE J. DEFINED BENEFIT PENSION PLAN

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

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov/TRS%20Documents/cafr2019.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

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

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

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

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

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

| | Contribution Rates | |
|--|---------------------------|-------------|
| | 2020 | 2021 |
| Member (Employees) | 7.7% | 7.7% |
| Employer (District) | 7.5% | 7.5% |
| Non-Employer Contributing Entity (State) | 7.5% | 7.5% |
| LISD Member Contributions | 2,043,970 | 2,194,286 |
| LISD Employer Contributions | 709,901 | 825,257 |
| LISD NECE On-Behalf Contributions | 1,283,151 | 1,645,298 |

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

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT
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- When the employing district is a public or charter school, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

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

| | |
|--|---|
| Valuation Date | August 31, 2019 rolled forward to August 31, 2020 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Market Value |
| Single Discount Rate | 7.25% |
| Long-Term Expected Rate | 7.25% |
| Municipal Bond Rate as of August 2020 | 2.33%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index." |
| Last year ending August 31 in | |
| Projection Period (100) years | 2119 |
| Inflation | 2.30% |
| Salary Increases | 3.05% to 9.05% including inflation |
| Ad hoc post-employment benefit changes | None |

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

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

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

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

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

| Asset Class | Allocation ¹ % | Expected Arithmetic Real Rate of Return ² | Long-Term Portfolio Returns |
|------------------------------------|------------------------------|---|--------------------------------|
| Global Equity | | | |
| USA | 18.0% | 3.9% | 0.99% |
| Non-U.S. Development | 13.0% | 5.1% | 0.92% |
| Emerging Markets | 9.0% | 5.6% | 0.83% |
| Private Equity | 14.0% | 6.7% | 1.41% |
| Stable Value | | | |
| Government Bonds | 16.0% | -0.7% | -0.05% |
| Stable Value Hedge | 5.0% | 1.9% | 0.11% |
| Real Return | | | |
| Real Estate | 15.0% | 4.6% | 1.01% |
| Energy, Natural Reserves | 6.0% | 6.0% | 0.42% |
| Risk Parity | | | |
| Risk Parity | 8.0% | 3.0% | 0.30% |
| Leverage | | | |
| Cash | 2.0% | -1.5% | -0.03% |
| Asset Allocation Leverage | -6.0% | -1.3% | 0.08% |
| Inflation Expectation | | | 2.00% |
| Volatility Drag³ | | | -0.67% |
| Total | 100.00% | | 7.33% |

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

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

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

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

| | 1% Decrease in Discount Rate (6.25%) | Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
|--|---|--------------------------|---|
| LISD's proportionate share of the net pension liability | 14,210,582 | 9,215,789 | 5,157,630 |

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, Lindale ISD reported a liability of \$9,215,789 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Lindale ISD. The amount recognized by Lindale ISD as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Lindale ISD were as follows:

| | | |
|--|---------------|--|
| District's proportionate share of the collective net pension liability | \$ 9,215,789 | |
| State's proportionate share that is associated with the District | 21,356,855 | |
| Total | \$ 30,572,644 | |

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.017207133%, which was an increase (decrease) of (0.0010873515%) from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2021, Lindale School recognized pension expense of \$4,187,954 and revenue of \$2,568,755 for support provided by the State.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 16,827 | \$ 257,188 |
| Changes in actuarial assumptions | 2,138,391 | 909,229 |
| Difference between projected and actual investment earnings | 186,566 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 736,050 | 398,440 |
| Total as of August 31, 2020 measurement date | \$ 3,077,834 | \$ 1,564,857 |
| Contributions paid to TRS subsequent to the measurement date (to be calculated by employer) | 825,257 | - |
| Total as of August 31, 2021 | \$ 3,903,091 | \$ 1,564,857 |

LINDALE INDEPENDENT SCHOOL DISTRICT
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The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense for future plan years as follows:

| Year ended August 31: | Pension Expense Amount |
|--------------------------|------------------------------|
| 2022 | 527,725 |
| 2023 | 562,269 |
| 2024 | 489,312 |
| 2025 | 117,217 |
| 2026 | (159,064) |
| Thereafter | (24,482) |
| | <u>1,512,977</u> |

NOTE K. DEFINED OTHER POST-EMPLOYEMENT BENEFIT PLAN

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

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

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

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2021

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

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

TRS-Care Monthly for Retirees

| | Medicare | Non-Medicare |
|-----------------------|----------|--------------|
| Retiree* | \$ 135 | \$ 200 |
| Retiree and Spouse | 529 | 689 |
| Retiree* and Children | 468 | 408 |
| Retiree and Family | 1020 | 999 |

**or surviving spouse*

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

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

Contribution Rates

| | 2020 | 2021 |
|---|---------|---------|
| Active Employee | 0.65% | 0.65% |
| Employers | 0.75% | 0.75% |
| Federal/private Funding remitted by Employers | 1.25% | 1.25% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| | | |
| LISD Member Contributions | 172,540 | 185,144 |
| LISD Employer Contributions | 227,975 | 245,061 |
| Measurement Year NECE On-behalf Contributions | 275,775 | 306,381 |

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

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2021

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$280.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Actuarial Assumptions

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

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

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

| | |
|----------------------|-------------------------|
| Rates of Mortality | General Inflation |
| Rates of Retirement | Wage Inflation |
| Rates of Termination | Expected Payroll Growth |
| Rates of Disability | |

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

| | |
|--|--|
| Valuation Date | August 31, 2019 rolled forward to August 31, 2020 |
| Actuarial Cost Method | Individual Entry-Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 2.33% as of August 31, 2020 |
| Aging Factors | Based on plan specific experience Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, |
| Election Rates | 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 |

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2021

Discount Rate: A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

| | 1% Decrease in Discount Rate (1.33%) | Current Single Discount Rate (2.33%) | 1% Increase in Discount Rate (3.33%) |
|---|---|---|---|
| LISD's proportionate share of the Net OPEB Liability | 13,684,302 | 11,403,606 | 9,602,185 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2021 the District reported a liability of \$11,403,606 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

| | |
|---|----------------------|
| District's proportionate share of the collective Net OPEB Liability | \$ 11,403,606 |
| State's proportionate share that is associated with the District | 15,323,714 |
| Total | <u>\$ 26,727,320</u> |

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

At August 31, 2020 the employer’s proportion of the collective Net OPEB Liability was 0.029998032%, which was an increase (decrease) of 0.0007538132% August 31, 2019.

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

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|--|-------------|---------------------------------------|-------------|
| Proportionate share of Net OPEB Liability | 9,315,285 | 11,403,606 | 14,184,955 |

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

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

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

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

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 597,088 | \$ 5,218,873 |
| Changes in actuarial assumptions | 703,365 | 3,131,489 |
| Net Difference between projected and actual investment earnings | 3,705 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 1,513,434 | - |
| Total as of August 31, 2020 measurement date | 2,817,592 | 8,350,362 |
| Contributions paid to TRS subsequent to the measurement date (to be calculated by employer) | 245,061 | - |
| Total as of August 31, 2021 fiscal year-end | \$ 3,062,653 | \$ 8,350,362 |

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

| Year ended August 31: | OPEB Expense Amount |
|--------------------------|------------------------|
| 2022 | \$ (953,326) |
| 2023 | (953,822) |
| 2024 | (954,105) |
| 2025 | (954,027) |
| 2026 | (649,432) |
| Thereafter | (1,068,058) |
| | <u>\$ (5,532,770)</u> |

For the year ended August 31, 2021, the District recognized OPEB expense of (\$45,730) and revenue of (\$106,402) for support provided by the State.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE L. MEDICARE PART D (TRS)

Federal Government Retiree Drug Subsidy - The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants.

Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity.

The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submission by reporting entities for the month of May. Any questions about payroll amounts should be directed to a reporting entity's payroll contact.

Contribution amounts are as follows: State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$123,586 for the year ended August 31, 2021. State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$126,326 for the year ended August 31, 2020. State Contributions for Medicare Part D made on behalf of Lindale Independent School District's employees were \$91,373 for the year ended August 31, 2019.

NOTE M. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2021, employees of Lindale Independent School District were covered by a uniform statewide health care program for public education employees. The District contributed \$267 per month towards employee health insurance, which includes the \$75 which is reimbursed by the state, per employee. Employees, at their option, may authorize payroll withholdings to pay the remaining balance of the premium for employee coverage and/or dependents. All premiums were paid to the statewide health care program based on the coverages selected by the employee. The Plan was authorized by House Bill 3343 and is administered by the Teacher Retirement System of Texas (TRS). The TRS board approved the selection of Blue Cross Blue Shield as the health plan administrator and Caremark as the pharmacy benefits manager for TRS-ActiveCare. The minimum contribution allowed by the state is \$225 per month.

NOTE N. WORKERS' COMPENSATION

In 2011-2012, the District began participating in a fully funded workers' compensation plan with the Texas Association of School Boards Risk Management Fund, a public entity risk pool currently operating a workers' compensation risk management and insurance program. In prior years, the District participated in Claims Administrative Services, Inc. plan for workers' compensation.

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2021

A reconciliation of the change in the liability for claims for the current and previous fiscal year is presented below:

| | Year Ended August 31, 2021 | Year Ended August 31, 2020 |
|---|-------------------------------|-------------------------------|
| Unpaid claims at September 1 | \$ 35,092 | \$ 59,903 |
| Incurred claims (including incurred but not reported) | 416,175 | 278,215 |
| Total Payments | (379,220) | (303,026) |
| Total Unpaid Claims at August 31 | \$ 72,047 | \$ 35,092 |

NOTE O. UNEARNED REVENUE

Unearned revenue at year end consisted of ticket sales related to football games, money received from students related to lunches, advance payments of scoreboard advertisements and grant revenue not yet spent.

| | General Fund | Other Funds | Total |
|---------------------------|-----------------|----------------|---------|
| Athletic receipts | 34,820 | - | 34,820 |
| Scoreboard advertisements | 25,900 | - | 25,900 |
| Food service receipts | - | 51,629 | 51,629 |
| Textbook allotment | - | 12,613 | 12,613 |
| Grant Revenue | - | 13,345 | 13,345 |
| | 60,720 | 77,587 | 138,307 |

NOTE P. INTERFUND BALANCES

Interfund balances at August 31, 2021, consisted of the following amounts. All interfund balances are expected to be repaid within one year.

| | <u>Due From</u> | <u>Due To</u> |
|---|-----------------|---------------|
| General Fund: | | |
| Non-major governmental funds (Special Revenue) | \$ 173,532 | \$ - |
| Capital Projects Fund from General Fund | - | 5,275,881 |
| Non-major Governmental Funds (Special Revenue): | | |
| General Fund | - | 173,532 |
| Capital Projects Fund: | | |
| General Fund | 5,275,881 | - |
| Total | \$ 5,449,413 | \$ 5,449,413 |

These interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made. The District is using General Fund fund balance to pay for a portion of the construction projects in the Capital Project Fund.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

Note Q. GENERAL FUND FEDERAL SOURCE REVENUES

| <u>Program or Source</u> | CFDA | |
|--|---------------|---------------|
| | <u>Number</u> | <u>Amount</u> |
| School Health and Related Services (SHARS) | N/A | 643,482 |
| Coronavirus Relief Fund | 21.019 | 52,846 |
| Indirect Costs: | | |
| COVID-19 School Emergency Relief ESSER I | 84.425D | 15,148 |
| COVID-19 School Emergency Relief ESSER III | 84.425U | 2,450 |
| | | \$ 713,926 |

NOTE R. DUE FROM OTHER GOVERNMENTS

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

| <u>Fund</u> | <u>State Entitlements</u> | <u>Federal Grants</u> | <u>Other</u> | <u>Total</u> |
|-----------------------------|---------------------------|-----------------------|--------------|--------------|
| Governmental Activities: | | | | |
| Due From Other Governments: | | | | |
| General Fund | 2,094,086 | - | - | 2,094,086 |
| Debt Service Fund | 106,533 | - | - | 106,533 |
| Nonmajor Governmental Funds | | | | |
| (Special Revenue) | - | 483,889 | - | 483,889 |
| Total | 2,200,619 | 483,889 | - | 2,684,508 |
| Due to Other Governments: | | | | |
| Debt Service Fund | 3,175 | - | - | 3,175 |
| Capital Projects Fund | - | - | 898 | 898 |
| Total | 3,175 | - | 898 | 4,073 |

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2021

NOTE S. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources as reported on Exhibit C-3 and E-2 of the Funds Statements consisted of the following:

| <u>Revenue Sources</u> | General Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Governmental Funds Total | Custodial Funds |
|--------------------------------------|-------------------|-------------------------|-----------------------------|-----------------------------------|--------------------------------|--------------------|
| Property taxes & related income | 16,164,431 | 5,731,479 | - | - | 21,895,910 | - |
| Investment income | 46,707 | 4,196 | 11,751 | 3,279 | 65,933 | - |
| Rent | 1,700 | - | - | - | 1,700 | - |
| Food service revenue | - | - | - | 205,224 | 205,224 | - |
| Insurance Recovery | 439,245 | - | - | - | 439,245 | - |
| Athletics/Cocurricular | 204,853 | - | - | 202,525 | 407,378 | - |
| Other local and intermediate sources | 152,571 | - | - | 68,196 | 220,767 | 534,055 |
| | <u>17,009,507</u> | <u>5,735,675</u> | <u>11,751</u> | <u>479,224</u> | <u>23,236,157</u> | <u>534,055</u> |

NOTE T. RISK MANAGEMENT

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

NOTE U. COMMITMENTS AND CONTINGENCIES

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

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

NOTE V. SUBSEQUENT EVENTS

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was December 8, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

LINDALE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE 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 (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|--|------------------|---------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 16,070,432 | \$ 16,861,432 | \$ 17,009,507 | \$ 148,075 |
| 5800 State Program Revenues | 24,202,294 | 24,996,212 | 24,987,167 | (9,045) |
| 5900 Federal Program Revenues | 400,000 | 680,000 | 713,926 | 33,926 |
| 5020 Total Revenues | 40,672,726 | 42,537,644 | 42,710,600 | 172,956 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 23,549,324 | 23,223,242 | 22,873,388 | 349,854 |
| 0012 Instructional Resources and Media Services | 440,188 | 440,188 | 423,658 | 16,530 |
| 0013 Curriculum and Instructional Staff Development | 543,140 | 543,140 | 469,470 | 73,670 |
| 0021 Instructional Leadership | 473,438 | 498,438 | 475,739 | 22,699 |
| 0023 School Leadership | 1,982,980 | 2,002,980 | 1,984,292 | 18,688 |
| 0031 Guidance, Counseling, and Evaluation Services | 1,196,924 | 1,196,924 | 1,171,831 | 25,093 |
| 0032 Social Work Services | 30,000 | 30,000 | 900 | 29,100 |
| 0033 Health Services | 534,796 | 534,796 | 448,342 | 86,454 |
| 0034 Student (Pupil) Transportation | 2,663,409 | 2,483,409 | 2,228,697 | 254,712 |
| 0035 Food Services | 89,352 | 89,352 | 27,652 | 61,700 |
| 0036 Extracurricular Activities | 1,742,544 | 2,042,544 | 1,874,439 | 168,105 |
| 0041 General Administration | 1,351,495 | 1,351,495 | 1,286,140 | 65,355 |
| 0051 Facilities Maintenance and Operations | 4,711,775 | 4,711,775 | 4,504,958 | 206,817 |
| 0052 Security and Monitoring Services | 323,974 | 323,974 | 290,734 | 33,240 |
| 0053 Data Processing Services | 224,726 | 224,726 | 179,315 | 45,411 |
| 0061 Community Services | 4,661 | 4,661 | 745 | 3,916 |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Debt | 291,000 | 309,920 | 309,029 | 891 |
| Intergovernmental: | | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | 81,000 | 81,000 | 50,470 | 30,530 |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg. | 8,000 | 8,000 | 1,237 | 6,763 |
| 0099 Other Intergovernmental Charges | 330,000 | 330,000 | 311,482 | 18,518 |
| 6030 Total Expenditures | 40,572,726 | 40,430,564 | 38,912,518 | 1,518,046 |
| 1100 Excess of Revenues Over Expenditures | 100,000 | 2,107,080 | 3,798,082 | 1,691,002 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 8911 Transfers Out (Use) | (100,000) | (5,600,000) | (5,500,000) | 100,000 |
| 1200 Net Change in Fund Balances | - | (3,492,920) | (1,701,918) | 1,791,002 |
| 0100 Fund Balance - September 1 (Beginning) | 10,752,610 | 10,752,610 | 10,752,610 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 10,752,610 | \$ 7,259,690 | \$ 9,050,692 | \$ 1,791,002 |

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

| | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 | FY 2019 Plan Year 2018 |
|--|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.017207133% | 0.018294484% | 0.018034153% |
| District's Proportionate Share of Net Pension Liability (Asset) | \$ 9,215,789 | \$ 9,510,045 | \$ 9,926,436 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | 21,356,855 | 19,057,928 | 20,434,367 |
| Total | <u>\$ 30,572,644</u> | <u>\$ 28,567,973</u> | <u>\$ 30,360,803</u> |
| District's Covered Payroll | \$ 26,542,703 | \$ 24,593,922 | \$ 23,603,395 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 34.72% | 38.67% | 42.06% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.54% | 75.24% | 73.74% |

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

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

| <u>FY 2018</u> <u>Plan Year 2017</u> | <u>FY 2017</u> <u>Plan Year 2016</u> | <u>FY 2016</u> <u>Plan Year 2015</u> | <u>FY 2015</u> <u>Plan Year 2014</u> |
|---|---|---|---|
| 0.017207823% | 0.015938516% | 0.0158716% | 0.0088547% |
| \$ 5,502,135 | \$ 6,022,928 | \$ 5,610,399 | \$ 2,365,213 |
| 12,166,928 | 14,646,013 | 13,766,068 | 11,561,315 |
| <u>\$ 17,669,063</u> | <u>\$ 20,668,941</u> | <u>\$ 19,376,467</u> | <u>\$ 13,926,528</u> |
| \$ 22,640,642 | \$ 21,495,276 | \$ 20,288,559 | \$ 19,953,165 |
| 24.30% | 28.02% | 27.65% | 11.85% |
| 82.17% | 78.00% | 78.43% | 83.25% |

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

| | 2021 | 2020 | 2019 |
|---|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 825,257 | \$ 709,901 | \$ 640,329 |
| Contribution in Relation to the Contractually Required Contribution | (825,257) | (709,901) | (640,329) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 28,491,299 | \$ 26,542,703 | \$ 24,593,922 |
| Contributions as a Percentage of Covered Payroll | 2.90% | 2.67% | 2.60% |

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

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

| | 2018 | 2017 | 2016 | 2015 |
|----|------------|---------------|---------------|---------------|
| \$ | 605,974 | \$ 563,972 | \$ 506,408 | \$ 469,964 |
| | (605,974) | (563,972) | (506,408) | (469,964) |
| \$ | - | \$ - | \$ - | \$ - |
| \$ | 23,603,395 | \$ 22,640,642 | \$ 21,495,276 | \$ 20,288,559 |
| | 2.57% | 2.49% | 2.36% | 2.32% |

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

| | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 | FY 2019 Plan Year 2018 | FY 2018 Plan Year 2017 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits | 0.029998032% | 0.029244218% | 0.02819758% | \$ 0.026776438% |
| District's Proportionate Share of Net OPEB Liability (Asset) | \$ 11,403,606 | \$ 13,829,948 | \$ 14,079,310 | \$ 11,644,068 |
| State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District | 15,323,714 | 18,376,909 | 20,126,740 | \$ 107,611,361 |
| Total | <u>\$ 26,727,320</u> | <u>\$ 32,206,857</u> | <u>\$ 34,206,050</u> | <u>\$ 119,255,429</u> |
| District's Covered Payroll | \$ 26,542,703 | \$ 24,593,922 | \$ 23,603,395 | \$ 22,640,642 |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 42.96% | 56.23% | 59.65% | \$ 21.43% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 4.99% | 2.66% | 1.57% | \$ 0.91% |

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

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

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

| | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 245,061 | \$ 227,975 | \$ 207,553 | \$ 195,045 |
| Contribution in Relation to the Contractually Required Contribution | (245,061) | (227,975) | (207,553) | (195,045) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | - |
| District's Covered Payroll | \$ 28,491,299 | \$ 26,542,703 | \$ 24,593,922 | \$ 23,603,395 |
| Contributions as a Percentage of Covered Payroll | 0.86% | 0.86% | 0.84% | 0.83% |

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

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

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

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

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

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

Changes in Assumptions.

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

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

COMBINING SCHEDULES

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

| Data Control Codes | 211 ESEA I, A Improving Basic Program | 224 IDEA - Part B Formula | 225 IDEA - Part B Preschool | 226 IDEA - Part B Discretionary |
|---|--|---------------------------------|-----------------------------------|---------------------------------------|
| ASSETS | | | | |
| 1110 Cash and Cash Equivalents | \$ (2,337) | \$ - | \$ (1,257) | \$ - |
| 1240 Due from Other Governments | 56,991 | 76,171 | 2,102 | - |
| 1290 Other Receivables | - | - | - | - |
| 1300 Inventories | - | - | - | - |
| 1000 Total Assets | <u>\$ 54,654</u> | <u>\$ 76,171</u> | <u>\$ 845</u> | <u>\$ -</u> |
| LIABILITIES | | | | |
| 2110 Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| 2160 Accrued Wages Payable | 49,188 | 68,555 | 761 | - |
| 2170 Due to Other Funds | - | - | - | - |
| 2200 Accrued Expenditures | 5,466 | 7,616 | 84 | - |
| 2300 Unearned Revenue | - | - | - | - |
| 2000 Total Liabilities | <u>54,654</u> | <u>76,171</u> | <u>845</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable Fund Balance: | | | | |
| 3410 Inventories | - | - | - | - |
| Restricted Fund Balance: | | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - | - |
| 3490 Other Restricted Fund Balance | - | - | - | - |
| Committed Fund Balance: | | | | |
| 3545 Other Committed Fund Balance | - | - | - | - |
| 3000 Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ 54,654</u> | <u>\$ 76,171</u> | <u>\$ 845</u> | <u>\$ -</u> |

EXHIBIT H-1 (Cont'd)

| 240 National Breakfast and Lunch Program | 244 Career and Technical - Basic Grant | 255 ESEA II,A Training and Recruiting | 263 Title III, A English Lang. Acquisition | 266 ESSER -School Emergency Relief | 281 ESSER-School Emergency Relief II | 282 ESSER-School Emergency Relief III | 289 Other Federal Special Revenue Funds |
|---|---|--|---|---|---|--|--|
| \$ 315,904 | \$ - | \$ - | \$ (1,517) | \$ - | \$ - | \$ (17,996) | \$ (451) |
| 117,187 | - | 12,660 | 1,517 | - | 104,970 | 105,639 | 6,652 |
| 6,574 | - | - | - | - | - | - | - |
| 59,566 | - | - | - | - | - | - | - |
| <u>\$ 499,231</u> | <u>\$ -</u> | <u>\$ 12,660</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 104,970</u> | <u>\$ 87,643</u> | <u>\$ 6,201</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 63,486 | - | 11,387 | - | - | 94,590 | 78,850 | 5,582 |
| 172,220 | - | - | - | - | - | - | - |
| 164 | - | 1,273 | - | - | 10,380 | 8,793 | 619 |
| 51,629 | - | - | - | - | - | - | - |
| <u>287,499</u> | <u>-</u> | <u>12,660</u> | <u>-</u> | <u>-</u> | <u>104,970</u> | <u>87,643</u> | <u>6,201</u> |
| 59,566 | - | - | - | - | - | - | - |
| 152,166 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>211,732</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 499,231</u> | <u>\$ -</u> | <u>\$ 12,660</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 104,970</u> | <u>\$ 87,643</u> | <u>\$ 6,201</u> |

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

| Data Control Codes | 385 Visually Impaired SSVI | 397 Advanced Placement Incentives | 410 State Instructional Materials | 429 Other State Special Revenue Funds |
|---|-------------------------------------|--|--|--|
| ASSETS | | | | |
| 1110 Cash and Cash Equivalents | \$ - | \$ 32 | \$ 12,613 | \$ 13,345 |
| 1240 Due from Other Governments | - | - | - | - |
| 1290 Other Receivables | - | - | - | - |
| 1300 Inventories | - | - | - | - |
| 1000 Total Assets | <u>\$ -</u> | <u>\$ 32</u> | <u>\$ 12,613</u> | <u>\$ 13,345</u> |
| LIABILITIES | | | | |
| 2110 Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| 2160 Accrued Wages Payable | - | - | - | - |
| 2170 Due to Other Funds | - | - | - | - |
| 2200 Accrued Expenditures | - | - | - | - |
| 2300 Unearned Revenue | - | - | 12,613 | 13,345 |
| 2000 Total Liabilities | <u>-</u> | <u>-</u> | <u>12,613</u> | <u>13,345</u> |
| FUND BALANCES | | | | |
| Nonspendable Fund Balance: | | | | |
| 3410 Inventories | - | - | - | - |
| Restricted Fund Balance: | | | | |
| 3450 Federal or State Funds Grant Restriction | - | 32 | - | - |
| 3490 Other Restricted Fund Balance | - | - | - | - |
| Committed Fund Balance: | | | | |
| 3545 Other Committed Fund Balance | - | - | - | - |
| 3000 Total Fund Balances | <u>-</u> | <u>32</u> | <u>-</u> | <u>-</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 32</u> | <u>\$ 12,613</u> | <u>\$ 13,345</u> |

| 461 Campus Activity Funds | 481 Boylan Grants | 482 CATE | 499 Other Local Special Revenue Funds | Total Nonmajor Governmental Funds |
|------------------------------------|-------------------------|-----------------|--|--|
| \$ 334,629 | \$ 24,389 | \$ 3,853 | \$ 4,074 | \$ 685,281 |
| - | - | - | - | 483,889 |
| - | - | - | - | 6,574 |
| - | - | - | - | 59,566 |
| <u>\$ 334,629</u> | <u>\$ 24,389</u> | <u>\$ 3,853</u> | <u>\$ 4,074</u> | <u>\$ 1,235,310</u> |
| \$ 4,255 | \$ - | \$ - | \$ 2,999 | \$ 7,254 |
| - | - | - | - | 372,399 |
| 1,312 | - | - | - | 173,532 |
| - | - | - | - | 34,395 |
| - | - | - | - | 77,587 |
| <u>5,567</u> | <u>-</u> | <u>-</u> | <u>2,999</u> | <u>665,167</u> |
| - | - | - | - | 59,566 |
| - | - | - | - | 152,198 |
| - | 24,389 | 3,853 | 1,075 | 29,317 |
| 329,062 | - | - | - | 329,062 |
| <u>329,062</u> | <u>24,389</u> | <u>3,853</u> | <u>1,075</u> | <u>570,143</u> |
| <u>\$ 334,629</u> | <u>\$ 24,389</u> | <u>\$ 3,853</u> | <u>\$ 4,074</u> | <u>\$ 1,235,310</u> |

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

| Data Control Codes | 211 ESEA I, A Improving Basic Program | 224 IDEA - Part B Formula | 225 IDEA - Part B Preschool | 226 IDEA - Part B Discretionary |
|---|--|---------------------------------|-----------------------------------|---------------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ - |
| 5800 State Program Revenues | - | - | - | - |
| 5900 Federal Program Revenues | 717,504 | 711,424 | 9,159 | 18,483 |
| 5020 Total Revenues | <u>717,504</u> | <u>711,424</u> | <u>9,159</u> | <u>18,483</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 675,161 | 365,230 | 9,159 | 18,483 |
| 0012 Instructional Resources and Media Services | - | - | - | - |
| 0013 Curriculum and Instructional Staff Development | - | - | - | - |
| 0023 School Leadership | - | - | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | 35,000 | 346,194 | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | - | - |
| 0041 General Administration | - | - | - | - |
| 0051 Facilities Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | - | - | - |
| 0061 Community Services | 7,343 | - | - | - |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Debt | - | - | - | - |
| 6030 Total Expenditures | <u>717,504</u> | <u>711,424</u> | <u>9,159</u> | <u>18,483</u> |
| 1200 Net Change in Fund Balance | - | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - | - |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| 240 | 244 | 255 | 263 | 266 | 281 | 282 | 289 |
|--|--|---|--|--------------------------------------|--|---|---|
| National Breakfast and Lunch Program | Career and Technical - Basic Grant | ESEA II,A Training and Recruiting | Title III, A English Lang. Acquisition | ESSER -School Emergency Relief | ESSER-School Emergency Relief II | ESSER-School Emergency Relief III | Other Federal Special Revenue Funds |
| \$ 206,268 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 8,816 | - | - | - | - | - | - | - |
| 2,041,772 | 46,450 | 130,746 | 24,613 | 561,300 | 104,971 | 105,638 | 48,394 |
| 2,256,856 | 46,450 | 130,746 | 24,613 | 561,300 | 104,971 | 105,638 | 48,394 |
| - | 46,450 | 130,746 | 24,613 | - | 104,971 | 69,925 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 6,355 | - |
| - | - | - | - | - | - | 29,358 | - |
| - | - | - | - | - | - | - | - |
| 2,175,138 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 48,394 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 561,300 | - | - | - |
| 2,175,138 | 46,450 | 130,746 | 24,613 | 561,300 | 104,971 | 105,638 | 48,394 |
| 81,718 | - | - | - | - | - | - | - |
| 130,014 | - | - | - | - | - | - | - |
| \$ 211,732 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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

| Data Control Codes | 385 Visually Impaired SSVI | 397 Advanced Placement Incentives | 410 State Instructional Materials | 429 Other State Special Revenue Funds |
|---|-------------------------------------|--|--|--|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ - |
| 5800 State Program Revenues | 9,720 | 250 | 153,876 | 79,650 |
| 5900 Federal Program Revenues | - | - | - | - |
| 5020 Total Revenues | <u>9,720</u> | <u>250</u> | <u>153,876</u> | <u>79,650</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 4,820 | - | 153,876 | 15,732 |
| 0012 Instructional Resources and Media Services | - | - | - | - |
| 0013 Curriculum and Instructional Staff Development | - | - | - | - |
| 0023 School Leadership | - | - | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | 4,900 | 258 | - | 63,918 |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | - | - |
| 0041 General Administration | - | - | - | - |
| 0051 Facilities Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | - | - | - |
| 0061 Community Services | - | - | - | - |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Debt | - | - | - | - |
| 6030 Total Expenditures | <u>9,720</u> | <u>258</u> | <u>153,876</u> | <u>79,650</u> |
| 1200 Net Change in Fund Balance | - | (8) | - | - |
| 0100 Fund Balance - September 1 (Beginning) | - | 40 | - | - |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ 32</u> | <u>\$ -</u> | <u>\$ -</u> |

| | 461 Campus Activity Funds | 481 Boylan Grants | 482 CATE | 499 Other Local Special Revenue Funds | Total Nonmajor Governmental Funds |
|----|------------------------------------|-------------------------|-------------|--|--|
| \$ | 207,263 | \$ 60,594 | \$ 2,099 | \$ 3,000 | \$ 479,224 |
| | - | - | - | - | 252,312 |
| | - | - | - | - | 4,520,454 |
| | 207,263 | 60,594 | 2,099 | 3,000 | 5,251,990 |
| | 150,529 | 45,627 | 3,993 | 3,000 | 1,822,315 |
| | 11,288 | - | - | - | 11,288 |
| | - | 4,645 | - | - | 4,645 |
| | 8,632 | - | - | - | 14,987 |
| | - | - | - | - | 479,628 |
| | 2,441 | - | - | - | 2,441 |
| | - | - | - | - | 2,175,138 |
| | 7 | - | - | - | 7 |
| | 24,288 | - | - | - | 24,288 |
| | 4,000 | - | - | - | 4,000 |
| | 1,956 | - | - | - | 50,350 |
| | - | - | - | 437 | 7,780 |
| | - | - | - | - | 561,300 |
| | 203,141 | 50,272 | 3,993 | 3,437 | 5,158,167 |
| | 4,122 | 10,322 | (1,894) | (437) | 93,823 |
| | 324,940 | 14,067 | 5,747 | 1,512 | 476,320 |
| \$ | 329,062 | \$ 24,389 | \$ 3,853 | \$ 1,075 | \$ 570,143 |

REQUIRED T.E.A. SCHEDULES

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

| Last 10 Years Ended August 31 | (1) | (2) | (3) |
|----------------------------------|-------------|--------------|--|
| | Tax Rates | | Assessed/Appraised Value for School Tax Purposes |
| | Maintenance | Debt Service | |
| 2012 and prior years | Various | Various | \$ Various |
| 2013 | 1.060000 | 0.395000 | 1,163,724,271 |
| 2014 | 1.080000 | 0.355000 | 1,234,017,931 |
| 2015 | 1.080000 | 0.355000 | 1,208,876,794 |
| 2016 | 1.080000 | 0.320000 | 1,224,077,071 |
| 2017 | 1.080000 | 0.310000 | 1,299,271,080 |
| 2018 | 1.080000 | 0.310000 | 1,357,867,664 |
| 2019 | 1.080000 | 0.310000 | 1,433,901,500 |
| 2020 | 1.010000 | 0.350000 | 1,563,828,428 |
| 2021 (School year under audit) | 0.928000 | 0.330000 | 1,728,546,020 |
| 1000 TOTALS | | | |

| (10) Beginning Balance 9/1/2020 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 8/31/2021 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 120,578 | \$ - | \$ 1,843 | \$ 844 | \$ (4,271) | \$ 113,620 |
| 25,920 | - | 1,622 | 604 | (580) | 23,114 |
| 31,176 | - | 3,446 | 1,133 | (446) | 26,151 |
| 44,285 | - | 10,383 | 3,413 | (124) | 30,365 |
| 50,702 | - | 12,146 | 3,599 | - | 34,957 |
| 83,916 | - | 17,694 | 5,243 | (452) | 60,527 |
| 97,217 | - | 33,851 | 9,717 | 6,093 | 59,742 |
| 141,317 | - | 35,046 | 10,051 | (188) | 96,032 |
| 287,883 | - | 101,216 | 35,075 | (15,232) | 136,360 |
| - | 21,693,253 | 15,765,245 | 5,606,175 | (48,473) | 273,360 |
| <u>\$ 882,994</u> | <u>\$ 21,693,253</u> | <u>\$ 15,982,492</u> | <u>\$ 5,675,854</u> | <u>\$ (63,673)</u> | <u>\$ 854,228</u> |

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

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|--|------------------|------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 685,000 | \$ 215,000 | \$ 206,268 | \$ (8,732) |
| 5800 State Program Revenues | 9,000 | 9,000 | 8,816 | (184) |
| 5900 Federal Program Revenues | 1,350,000 | 1,970,000 | 2,041,772 | 71,772 |
| 5020 Total Revenues | 2,044,000 | 2,194,000 | 2,256,856 | 62,856 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0035 Food Services | 2,144,000 | 2,194,000 | 2,175,138 | 18,862 |
| 6030 Total Expenditures | 2,144,000 | 2,194,000 | 2,175,138 | 18,862 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | (100,000) | - | 81,718 | 81,718 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7915 Transfers In | 100,000 | - | - | - |
| 1200 Net Change in Fund Balances | - | - | 81,718 | 81,718 |
| 0100 Fund Balance - September 1 (Beginning) | 130,014 | 130,014 | 130,014 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 130,014 | \$ 130,014 | \$ 211,732 | \$ 81,718 |

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

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|---------------------|---------------------|-----------------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 5,588,947 | \$ 5,713,947 | \$ 5,735,675 | \$ 21,728 |
| 5800 State Program Revenues | - | 120,000 | 151,251 | 31,251 |
| 5020 Total Revenues | <u>5,588,947</u> | <u>5,833,947</u> | <u>5,886,926</u> | <u>52,979</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Debt | 3,730,000 | 3,730,000 | 3,730,000 | - |
| 0072 Interest on Long-Term Debt | 2,439,530 | 2,544,530 | 2,438,191 | 106,339 |
| 0073 Bond Issuance Cost and Fees | 10,000 | 10,000 | 3,300 | 6,700 |
| 6030 Total Expenditures | <u>6,179,530</u> | <u>6,284,530</u> | <u>6,171,491</u> | <u>113,039</u> |
| 1200 Net Change in Fund Balances | (590,583) | (450,583) | (284,565) | 166,018 |
| 0100 Fund Balance - September 1 (Beginning) | <u>2,542,422</u> | <u>2,542,422</u> | <u>2,542,422</u> | - |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 1,951,839</u> | <u>\$ 2,091,839</u> | <u>\$ 2,257,857</u> | <u>\$ 166,018</u> |

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

Lindale Independent School District

Fiscal Year 2021

Section A: Compensatory Education Programs

| | | |
|-----|--|-----------|
| AP1 | Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year? | Yes |
| AP2 | Does the LEA have written policies and procedures for its state compensatory education program? | Yes |
| AP3 | List the total state allotment funds received for state compensatory education programs during the district's fiscal year. | 2,747,360 |
| AP4 | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. | 2,271,030 |

Section B: Bilingual Education Programs

| | | |
|-----|---|---------|
| AP5 | Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year? | Yes |
| AP6 | Does the LEA have written policies and procedures for its bilingual education program? | Yes |
| AP7 | List the total state allotment funds received for bilingual education programs during the LEA's fiscal year. | 84,587 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35) | 147,325 |

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



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

Independent Auditor's Report

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75571

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lindale Independent School District (the District) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Wilf & Henderson, P.C.".

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

December 8, 2021



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

Independent Auditor's Report

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75771

Members of the Board:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



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

December 8, 2021

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

I. Summary of the Auditor's Results:

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

| | |
|--|---------------|
| ESEA, Title I, Part A – Improving Basic Programs | CFDA# 84.010A |
| COVID-19 CARES Act Stimulus – ESSER I | CFDA# 84.425D |
| COVID-19 Elementary & Secondary School Emergency Relief Fund II | CFDA# 84.425D |
| COVID-19 Elementary & Secondary School Emergency Relief Fund III | CFDA# 84.425U |

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Lindale Independent School District was determined to be a low-risk auditee.

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

No findings were required to be reported.

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

No findings were required to be reported.

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

There were no prior year audit findings or questioned costs.

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

There were no current year audit findings or questioned costs.

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

| (1) | (2) | (3) | (4) |
|---|--------------------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal Assistance Listing No. | Pass-Through Entity Identifying Number | Federal Expenditures |
| DEPARTMENT OF THE TREASURY | | | |
| <u>Passed Through - Texas Dept of Emergency Mgmt</u> | | | |
| Coronavirus Relief Fund | 21.019 | 2020-CD-21019 | \$ 52,846 |
| Total Passed Through - Texas Dept of Emergency Mgmt | | | 52,846 |
| TOTAL DEPARTMENT OF THE TREASURY | | | 52,846 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Passed Through State Department of Education</u> | | | |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 21-610101212903 | 662,850 |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 22-610101212903 | 54,654 |
| Total Assistance Listing Number 84.010A | | | 717,504 |
| *IDEA - Part B, Formula | 84.027 | 21-6600012129036000 | 635,252 |
| *IDEA - Part B, Formula | 84.027 | 22-6600012129036000 | 76,172 |
| *IDEA - Part B, Discretionary | 84.027 | 21-66002106 | 18,483 |
| Total Assistance Listing Number 84.027 | | | 729,907 |
| Total Special Education Cluster (IDEA) | | | 739,066 |
| Career and Technical - Basic Grant | 84.048 | 21-420006212903 | 46,450 |
| *IDEA - Part B, Preschool | 84.173 | 21-6610012129036000 | 8,314 |
| *IDEA - Part B, Preschool | 84.173 | 22-6610012129036000 | 845 |
| Total Assistance Listing Number 84.173 | | | 9,159 |
| Total Special Education Cluster (IDEA) | | | 739,066 |
| Title III, Part A - English Language Acquisition | 84.365A | 20-671001212903 | 9,531 |
| Title III, Part A - English Language Acquisition | 84.365A | 21-671001212903 | 15,082 |
| Total Assistance Listing Number 84.365A | | | 24,613 |
| ESEA, Title II, Part A, Teacher Principal Training | 84.367A | 21-694501212903 | 118,086 |
| ESEA, Title II, Part A, Teacher Principal Training | 84.367A | 22-694501212903 | 12,660 |
| Total Assistance Listing Number 84.367A | | | 130,746 |
| LEP Summer School | 84.424A | 21-680101212903 | 42,192 |
| LEP Summer School | 84.424A | 22-680101212903 | 6,202 |
| Total Assistance Listing Number 84.424A | | | 48,394 |
| COVID-19 Prior Purchase Reimb Program | 84.425D | 52102035 | 576,448 |
| COVID-19 Elem Secondary School Emerg Relief II | 84.425D | 21-521001212903 | 104,971 |
| COVID-19 Elem Secondary School Emerg Relief III | 84.425U | 21-528001212903 | 108,088 |
| Total Assistance Listing Number 84.425 | | | 789,507 |
| Total Passed Through State Department of Education | | | 2,496,280 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 2,496,280 |

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

| (1) | (2) | (3) | (4) |
|---|--------------------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal Assistance Listing No. | Pass-Through Entity Identifying Number | Federal Expenditures |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Passed Through the State Department of Agriculture</u> | | | |
| *School Breakfast Program | 10.553 | N/A | 307,383 |
| *National School Lunch Program - Cash Assistance | 10.555 | N/A | 1,453,291 |
| *National School Lunch Prog. - Non-Cash Assistance | 10.555 | N/A | 138,394 |
| *COVID-19 Emergency Op Cost Reimbursement | 10.555 | N/A | 142,704 |
| Total Assistance Listing Number 10.555 | | | <u>1,734,389</u> |
| Total Child Nutrition Cluster | | | <u>2,041,772</u> |
| Total Passed Through the State Department of Agriculture | | | <u>2,041,772</u> |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u>2,041,772</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 4,590,898</u> |
| *Clustered Programs Required by Compliance Supplement 2021 | | | |

**LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted or committed to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Uniform Guidance.
4. Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.

A reconciliation of federal program revenues and expenditures is as follows:

| | |
|--|---------------------|
| General Fund | \$ 713,926 |
| Other Special Revenue Funds | <u>4,520,454</u> |
| Sub-total | 5,234,380 |
| Less Medicaid Arrangements Payments: | |
| SSA - School Health & Related Services (SHARS) | <u>(643,482)</u> |
| Total Federal Program Expenditures | \$ <u>4,590,898</u> |

SCHOOLS FIRST QUESTIONNAIRE

Lindale Independent School District

Fiscal Year 2021

| | | |
|-----|--|-----------|
| SF1 | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole? | Yes |
| SF2 | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement? | No |
| SF3 | Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.) | Yes |
| SF4 | Was the school district issued a warrant hold? (Yes even if cleared within 30 days.) | No |
| SF5 | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds? | No |
| SF6 | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? | No |
| SF7 | Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end? | Yes |
| SF8 | Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget? | Yes |
| SF9 | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end. | 1,862,373 |