

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

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended August 31, 2021

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SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Spur Independent School District
Name of School District

Dickens
County

063-903
Co.- Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and ___ approved ___ disapproved (check one) for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 25th day of October, 2021.

Signature of Board Secretary

Signature of Board President

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

(attach list as necessary):

FINANCIAL SECTION

Terry & King, CPAs, P.C.

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P.O. Box 93550
Lubbock, TX 79493-3550

Randel J. Terry, CPA
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Independent Auditors' Report on Financial Statements

Board of Trustees
Spur Independent School District
P.O. Box 250
Spur, Texas 79370

Members of the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Spur 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, budgetary comparison information, pension schedules, and OPEB schedules, identified as Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

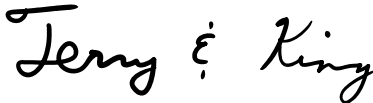
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Spur Independent School District's basic financial statements. The accompanying other schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021, on our consideration of the Spur 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Spur Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Terry & King". The signature is written in a cursive, flowing style.

Terry & King, CPAs, P.C.
Lubbock, Texas
October 22, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Spur Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the 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 \$8,067,138 at August 31, 2021.
- During the year, the District’s expenses were \$168,523 more than the \$4,085,259 generated in taxes and other revenues for governmental activities.
- The total cost of the District’s programs decreased 9% or \$412,654 from last year.
- The general fund reported a fund balance this year of \$3,995,129.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Figure A-1F, Required Components of the District’s Annual Financial Report

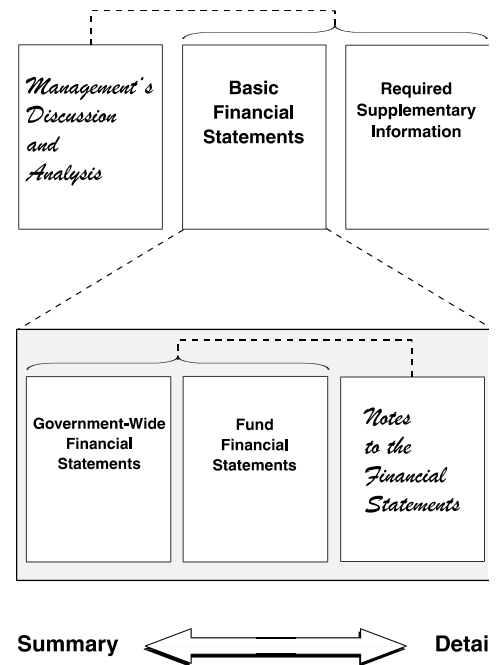


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of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

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

Type of Statements	Fund Statements		
	Government-wide	Governmental Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> ◆ Statement of net assets ◆ Statement of activities 	<ul style="list-style-type: none"> ◆ Balance sheet ◆ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ◆ Statement of fiduciary net assets ◆ Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	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 short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	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

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 it has changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional 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 the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

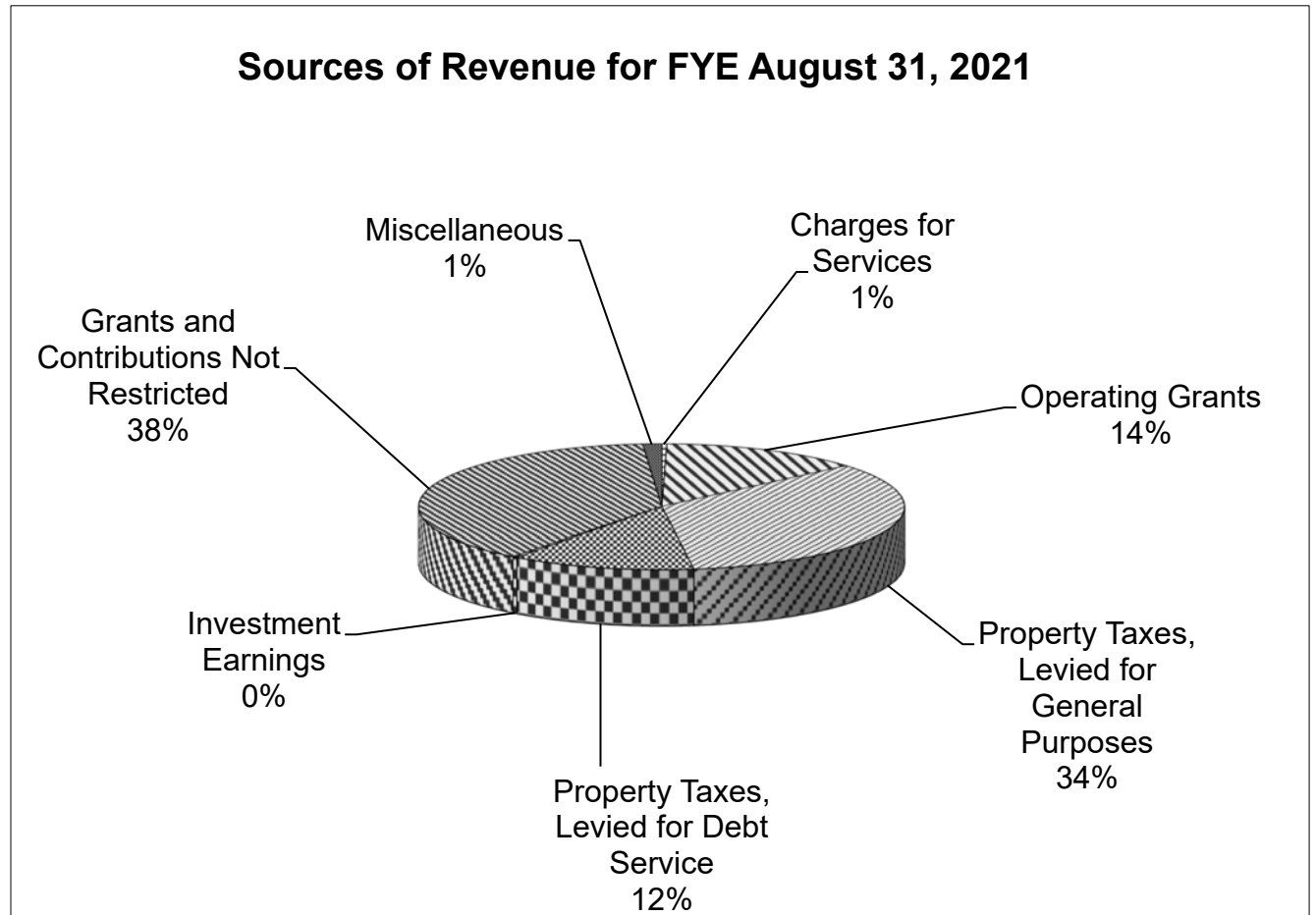
Net position. The District's combined net position was \$8,067,138 at August 31, 2021. (See Table A-1).

Table A-1
 Spur Independent School District's Net Position

	Governmental Activities		Percentage Change
	August 31, 2021	August 31, 2020	
Current assets:			
Cash and cash equivalents	4,255,132	4,424,723	-4%
Due from other governments	62,758	112,424	-44%
Taxes Receivable, net	38,928	49,890	-22%
Accrued Interest	67	266	-75%
Other current assets	500	2,978	-83%
Total current assets:	4,357,385	4,590,281	-5%
Noncurrent assets:			
Land	11,744	11,744	0%
Buildings & Improvements	13,875,368	13,875,368	0%
Less accumulated depreciation, buildings & improvements	(5,468,537)	(5,121,713)	7%
Vehicles	819,305	819,305	0%
Less accumulated depreciation, vehicles	(636,361)	(581,331)	9%
Furniture & Equipment	643,400	619,391	4%
Less accumulated depreciation, furniture & equipment	(585,424)	(570,314)	3%
Total noncurrent assets	8,659,495	9,052,450	-4%
Total Assets	13,016,880	13,642,731	-5%
Deferred Outflows of Resources:			
Deferred Charged on Bond Defeasance	21,431	25,718	-17%
Deferred Outflows - Pension	272,543	381,043	-28%
Deferred Outflows - OPEB	120,674	136,000	-11%
Total Deferred Outflows of Resources	414,648	542,761	-24%
Current liabilities:			
Accounts Payable	24,158	16,806	44%
Accrued Wages Payable	82,886	117,757	-30%
Due to Other Governments	6,002	-	100%
Accrued Expenditures/Expenses	6,351	8,348	-24%
Unearned Revenue	107,487	45,603	136%
Total current liabilities	226,884	188,514	20%
Long-term liabilities:			
Due within one year	480,000	470,000	2%
Due in more than one year	2,110,000	2,590,000	-19%
Premium on bond issuance	100,599	143,245	-30%
Net Pension Liability	650,129	739,383	-12%
Net OPEB Liability	886,407	1,129,568	-22%
Total long-term liabilities	4,227,135	5,072,196	-17%
Total Liabilities	4,454,019	5,260,710	-15%
Deferred Inflows of Resources:			
Deferred Inflows - Pension	218,317	198,738	10%
Deferred Inflows - OPEB	692,054	501,724	38%
Total Deferred Inflows of Resources	910,371	700,462	30%
Net Position:			
Net investment in capital assets	5,990,327	5,874,923	2%
Restricted for Debt Service	44,387	101,871	-56%
Unrestricted	2,032,424	2,247,526	-10%
Total Net Position	8,067,138	8,224,320	-2%

Changes in net position. The District's total revenues were \$4,085,259. A significant portion, 46 percent, of the District's revenue comes from taxes. (See Figure A-3.) 52 percent comes from grants, while only 1 percent relates to charges for services.

The total cost of all programs and services was \$4,253,782. 48% of these costs were for instructional services.



(Figure A-3)

Governmental Activities

- Property tax rates increased from \$1.2838 per \$100 in FYE 2020 to \$1.3062 per \$100 value in FYE 2021. Taxes collected in the year ending August 31, 2021 were \$1,883,831 compared to \$2,193,488 in FYE 2020. The tax levy for FYE 2021 was \$2,069,380, a decrease of \$140,557.

Table A-2
Changes in Spur Independent School District's Net Position

	Governmental Activities		Percentage Change
	<u>2021</u>	<u>2020</u>	
Program Revenues:			
Charges for Services	13,607	54,966	-75%
Operating Grants and Contributions	547,599	618,922	-12%
General Revenues:			
Property Taxes, Levied for General Purposes	1,395,213	1,825,326	-24%
Property Taxes, Levied for Debt Service	500,448	575,651	-13%
Grants and Contributions not restricted	1,564,102	1,476,873	6%
Investment Earnings	12,930	42,825	-70%
Other	51,360	33,484	53%
Total Revenues	<u>4,085,259</u>	<u>4,628,047</u>	-12%
Instruction	2,027,851	2,296,453	-12%
Instructional Resources and Media Services	667	1,122	-41%
Curriculum Development and Instructional Staff Development	2,029	3,868	-48%
School Leadership	323,470	330,867	-2%
Guidance, Counseling and Evaluation Services	81,517	89,922	-9%
Health Services	71,471	73,470	-3%
Student (Pupil) Transportation	113,278	171,764	-34%
Food Services	219,121	207,112	6%
Curricular/Extracurricular Activities	264,195	217,304	22%
General Administration	377,201	377,413	0%
Plant Maintenance & Operation	397,101	350,801	13%
Security & Monitoring Services	-	26,250	-100%
Data Processing Services	89,250	87,843	2%
Interest on Long-Term Debt	54,579	62,212	-12%
Bond Issuance Costs and Fees	4,887	8,468	-42%
Payments to Member Districts of SSA	149,232	161,232	-7%
Payments to Tax Increment Fund	-	125,110	-100%
Other Intergovernmental Charges	77,933	75,225	4%
Total Expenses	<u>4,253,782</u>	<u>4,666,436</u>	-9%
Increase (Decrease) in Net Position	(168,523)	(38,389)	339%
Net Position - Beginning	8,224,320	8,262,709	0%
Change in GASB Standard	11,341	-	100%
Net Position - Ending	<u><u>8,067,138</u></u>	<u><u>8,224,320</u></u>	-2%

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

- The cost of all *governmental* activities this year was \$4,253,782.
- The amount that our taxpayers paid for these activities through property taxes was \$1,895,661.
- Some of the cost was paid by those who directly benefited from the programs \$13,607 or
- By grants and contributions \$2,111,701.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services		% Change <u>2020-2021</u>	Net Cost of Services		% Change <u>2020-2021</u>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
Instruction	2,027,851	2,296,453	(12%)	1,753,152	1,890,785	(7%)
School administration	377,201	377,413	0%	359,892	351,159	2%
Plant Maintenance & Operations	397,101	350,801	13%	386,073	338,901	14%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$4,034,455 for the period ended August 31, 2021, a decrease of 10% from the preceding year. Local revenues decreased \$505,047 (20%), state revenue increased \$47,200 (3%) and federal revenue increased \$16,686 (5%). Expenditures decreased \$416,644 or 9%.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 3 times. Even with these adjustments, actual expenditures were \$470,103 below final budgeted amounts. The most significant positive variance resulted in expenditures for instruction and plant maintenance and operations.

Resources available were \$127,706 less than the final budgeted amount:

- Local and Intermediate revenues were \$51,705 less than expected.
- State Program Revenues were \$70,998 less than projected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$15,349,817 in a broad range of capital assets, including, land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$24,009 or less than 1 percent from last year.

Table A-4

District's Capital Assets

	Governmental Activities		Total Percentage Change
	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Land	\$ 11,744	\$ 11,744	0%
Buildings and improvements	13,875,368	13,875,368	0%
Vehicles	819,305	819,305	0%
Furniture & Equipment	643,400	619,391	4%
Totals at historical cost	<u>15,349,817</u>	<u>15,325,808</u>	<u>0%</u>
Total accumulated depreciation	(6,690,322)	(6,273,358)	7%
Net capital assets	<u>8,659,495</u>	<u>9,052,450</u>	<u>(4%)</u>

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Debt Administration

Changes in long-term obligations for the year ended August 31, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General Obligation Bonds	\$ 3,060,000	\$ -	\$ 470,000	\$ 2,590,000
Premium on Bonds	143,245	-	42,646	100,599
Net Pension Liability	739,383	(39,169)	50,085	650,129
Net OPEB Liability	<u>1,129,568</u>	<u>(225,438)</u>	<u>17,723</u>	<u>886,407</u>
	\$ 5,072,196	\$ (264,607)	\$ 580,454	\$ 4,227,135

More detailed information about the District's Long-Term Obligations is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2022 budget preparation is approximately the same as 2021.
- General operating fund spending per student should remain approximately the same.
- The District's 2022 refined average daily attendance is expected to be slightly less.

These indicators were taken into account when adopting the general fund budget for 2022. The District plans for a increase in state revenues and estimates an increase in expenditures for staffing.

The District's budgetary general fund balance is expected to decrease slightly by the close of 2022.

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 Department.

BASIC FINANCIAL STATEMENTS

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

STATEMENT OF NET POSITION
August 31, 2021

1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 4,255,132
1225	Taxes Receivable, Net	38,928
1240	Due from Other Governments	62,758
1250	Accrued Interest	67
1290	Other Receivables	500
	Capital Assets:	
1510	Land	11,744
1520	Buildings & Improvements, net	8,406,831
1530	Furniture & Equipment, net	<u>240,920</u>
1000	<u>Total Assets</u>	<u>\$ 13,016,880</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred Charge on Bond Defeasance	\$ 21,431
1710	Deferred Outflows - Pension	272,543
1711	Deferred Outflows - OPEB	<u>120,674</u>
	<u>Total Deferred Outflows of Resources</u>	<u>\$ 414,648</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 24,158
2150	Payroll Deductions & Withholdings	779
2160	Accrued Wages Payable	82,107
2180	Due to Other Governments	6,002
2200	Accrued Expenditures	6,351
2300	Unearned Revenue	107,487
	Noncurrent Liabilities:	
2501	Due within one year	480,000
2502	Due in more than one year	2,110,000
2516	Premium on bond issuance	100,599
2540	Net Pension Liability	650,129
2541	Net OPEB Liability	<u>886,407</u>
2000	<u>Total Liabilities</u>	<u>\$ 4,454,019</u>
	DEFERRED INFLOWS OF RESOURCES	
2601	Deferred Inflows - Pension	\$ 218,317
2602	Deferred Inflows - OPEB	<u>692,054</u>
	<u>Total Deferred Inflows of Resources</u>	<u>\$ 910,371</u>
	NET POSITION:	
3200	Net investment in capital assets	5,990,327
	Restricted for:	
3850	Debt Service	44,387
3900	Unrestricted	<u>2,032,424</u>
3000	<u>TOTAL NET POSITION</u>	<u>\$ 8,067,138</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

Data		1	3	4	Net (Expense)
Control			Program Revenues		Revenue and
			Charges for	Grants and	Changes in
<u>Codes</u>	<u>Functions/Programs</u>	<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>	<u>Net Position</u>
	Government Activities:				
11	Instruction and Instruction-Related Services	\$ 2,027,851	\$ -	\$ 274,699	\$ (1,753,152)
12	Instructional Resources and Media Services	667	-	-	(667)
13	Curriculum Development and Instructional Staff Development	2,029	-	380	(1,649)
23	School Leadership	323,470	-	22,468	(301,002)
31	Guidance, Counseling, & Evaluation Services	81,517	-	5,598	(75,919)
33	Health Services	71,471	-	10,428	(61,043)
34	Student (Pupil) Transportation	113,278	-	6,094	(107,184)
35	Food Services	219,121	1,930	141,507	(75,684)
36	Extracurricular Activities	264,195	11,277	43,196	(209,722)
41	General Administration	377,201	-	17,309	(359,892)
51	Plant Maintenance and Operations	397,101	400	10,628	(386,073)
52	Security and Monitoring Services	-	-	-	-
53	Data Processing	89,250	-	5,429	(83,821)
72	Interest on Long-Term Debt	54,579	-	9,863	(44,716)
73	Bond Issuance Costs and Fees	4,887	-	-	(4,887)
93	Payments to Member Districts of SSA	149,232	-	-	(149,232)
97	Payments to Tax Increment Fund	-	-	-	-
99	Other Intergovernmental Charges	77,933	-	-	(77,933)
TG	<u>Total Government Activities</u>	<u>4,253,782</u>	<u>13,607</u>	<u>547,599</u>	<u>(3,692,576)</u>
TP	Total Primary Government	<u>4,253,782</u>	<u>13,607</u>	<u>547,599</u>	<u>(3,692,576)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				1,395,213
DT	Property Taxes, Levied for Debt Service				500,448
IE	Investment Earnings				12,930
GC	Grants and Contributions Not Restricted to Specific Programs				1,564,102
MI	Miscellaneous				22,347
S1	Insurance Recovery				29,013
TR	Total General Revenue				<u>3,524,053</u>
CN	Change in Net Position				(168,523)
NB	Net Position -- Beginning				8,224,320
PA	Prior Period Adjustment - Change in GASB Standard				<u>11,341</u>
NE	Net Position -- Ending				<u>\$ 8,067,138</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 4,153,058	\$ 33,269	\$ 15,146	\$ 4,201,473
1225	Taxes Receivable, Net	29,108	9,820	-	38,928
1240	Due from Other Governments	3,513	1,298	57,947	62,758
1250	Accrued Interest	67	-	-	67
1260	Due from Other Funds	39,619	-	-	39,619
1290	Other Receivables	500	-	-	500
1000	<u>TOTAL ASSETS</u>	<u>\$ 4,225,865</u>	<u>\$ 44,387</u>	<u>\$ 73,093</u>	<u>\$ 4,343,345</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 17,643	\$ -	\$ 6,515	\$ 24,158
2150	Payroll Deductions & Withholdings	779	-	-	779
2160	Accrued Wages Payable	68,309	-	13,798	82,107
2170	Due to Other Funds	-	-	39,619	39,619
2180	Due to Other Governments	6,002	-	-	6,002
2200	Accrued Expenditures	1,408	-	633	2,041
2300	Unearned Revenues	107,487	-	-	107,487
2000	<u>Total Liabilities</u>	<u>201,628</u>	<u>-</u>	<u>60,565</u>	<u>262,193</u>
DEFERRED INFLOWS OF RESOURCES:					
2601	Unavailable Revenue - Property Taxes	29,108	9,820	-	38,928
	<u>Total Deferred Inflows of Resources</u>	<u>29,108</u>	<u>9,820</u>	<u>-</u>	<u>38,928</u>
FUND BALANCES:					
Restricted Fund Balances:					
3480	Retirement of Long-term Debt	-	34,567	-	34,567
Committed Fund Balances:					
3510	Construction	695,000	-	-	695,000
3545	Other	716,307	-	-	716,307
Assigned Fund Balances:					
3590	Other Assigned Fund Balance	-	-	12,528	12,528
3600	Unassigned	2,583,822	-	-	2,583,822
3000	<u>Total Fund Balance</u>	<u>3,995,129</u>	<u>34,567</u>	<u>12,528</u>	<u>4,042,224</u>
4000	<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	<u>\$ 4,225,865</u>	<u>\$ 44,387</u>	<u>\$ 73,093</u>	<u>\$ 4,343,345</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
August 31, 2021

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 4,042,224
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,659,495
2 Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds.	38,928
3 Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,590,000)
4 The amount of premium/discount on bonds is required to be recognized in the statement of net position.	(100,599)
5 The net charge related to the defeasance of bonds is reported as a deferred outflow of resources on the statement of net position.	21,431
6 Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The ending equity is reported in the Unrestricted Net Position of governmental activities.	49,349
7 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 \$272,543, a deferred resource inflow in the amount of \$218,317, and a net pension liability in the amount of \$650,129. This resulted in an increase/(decrease) in net position.	(595,903)
8 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 \$120,674, a deferred resource inflow in the amount of \$692,054, and a net OPEB liability in the amount of \$886,407. This resulted in a decrease in net position.	<u>(1,457,787)</u>
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 8,067,138</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Data Control Codes	10 General Fund	599 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,467,780	\$ 502,432	\$ 39,753	\$ 2,009,965
5800	State Program Revenues	1,654,214	9,863	8,384	1,672,461
5900	Federal Program Revenues	94,997	-	257,032	352,029
5020	<u>Total Revenues</u>	<u>3,216,991</u>	<u>512,295</u>	<u>305,169</u>	<u>4,034,455</u>
EXPENDITURES:					
Current:					
0011	Instruction and Instruction-Related Services	1,650,980	-	126,877	1,777,857
0012	Instructional Resources and Media Services	667	-	-	667
0013	Curriculum Development and Instructional Staff Development	1,649	-	380	2,029
0023	School Leadership	283,788	-	-	283,788
0031	Guidance, Counseling, & Evaluation Services	71,523	-	-	71,523
0033	Health Services	57,767	-	4,825	62,592
0034	Student (Pupil) Transportation	99,738	-	-	99,738
0035	Food Services	6,452	-	187,120	193,572
0036	Cocurricular/Extracurricular Activities	222,329	-	37,446	259,775
0041	General Administration	336,238	-	-	336,238
0051	Plant Maintenance and Operations	351,680	-	-	351,680
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	88,069	-	-	88,069
0061	Community Services	-	-	-	-
0071	Principal on Long-Term Debt	-	470,000	-	470,000
0072	Interest on Long-Term Debt	-	97,225	-	97,225
0073	Other Bond Costs	-	600	-	600
0081	Capital Outlay	-	-	-	-
0093	Payments to Member Districts of SSA	149,232	-	-	149,232
0099	Other Intergovernmental Charges	77,933	-	-	77,933
6030	<u>Total Expenditures</u>	<u>3,398,045</u>	<u>567,825</u>	<u>356,648</u>	<u>4,322,518</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(181,054)	(55,530)	(51,479)	(288,063)
Other Financing Sources and (Uses):					
7912	Sale of Real & Personal Property	12,375	-	-	12,375
7915	Operating Transfers In	-	-	51,856	51,856
8911	Operating Transfers Out	(51,856)	-	-	(51,856)
	<u>Total Other Financing Sources and (Uses)</u>	<u>(39,481)</u>	<u>-</u>	<u>51,856</u>	<u>12,375</u>
1200	Net Change in Fund Balances	(220,535)	(55,530)	377	(275,688)
0100	Fund Balances -- Beginning	4,215,664	90,097	810	4,306,571
	Prior Period Adjustment - Change in GASB Standard	-	-	11,341	11,341
3000	<u>Fund Balances -- Ending</u>	<u>\$ 3,995,129</u>	<u>\$ 34,567</u>	<u>\$ 12,528</u>	<u>\$ 4,042,224</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

Net Change in Fund Balances -- Total Governmental Funds \$ (275,688)

Amounts reported for governmental activities in the statement of activities ("SOA") are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital outlays during the current period. 24,009

The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets. (416,963)

Certain property tax revenues are unearned in the funds. These are the amounts that have not been collected and are therefore do not provide current financial resources. This is the amount that these accounts changed during the current period. (10,962)

Repayment of debt principal is an expenditure in the governmental funds, but is a reduction of long-term debt in the statement of net position. This amount is the total debt principal repaid for capital leases, loans & bonded indebtedness. 470,000

Premium received on bonds is amortized over the life of the bond 42,646

The net charge related to the defeasance of bonds is reported as a deferred outflow of resources on the statement of net position, and amortized over the life of the bonds. This is the amount of amortization in the current period. (4,287)

Internal Service Funds are used by management to charge the costs of certain activities such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities 4,042

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 \$54,541. 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 net position totaling \$50,279. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$43,087. The net result is an increase/(decrease) in the change in net position. (38,825)

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 \$19,301. 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 net position totaling \$17,723. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$35,927. The result is an decrease in the change in net position 37,505

Change in Net Position of Governmental Activities -- Statement of Activities: \$ (168,523)

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
August 31, 2021

<u>Data Control Codes</u>		<u>Nonmajor Internal Service Fund</u>
	ASSETS:	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 53,659
1260	Due from Other Funds	-
1290	Other Receivables	-
	Total Assets	<u>\$ 53,659</u>
	LIABILITIES:	
2110	Accounts Payable	\$ -
2200	Accrued Expenditures	4,310
2000	Total Liabilities	<u>\$ 4,310</u>
	NET POSITION:	
3900	Unrestricted Net Position	<u>\$ 49,349</u>
3000	Total Net Position	<u>\$ 49,349</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
For the Year Ended August 31, 2021

<u>Data Control Codes</u>		<u>Nonmajor Internal Service Fund</u>
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 18,432
5020	Total Revenues	<u>18,432</u>
	OPERATING EXPENSES:	
6400	Other Operating Costs	<u>14,390</u>
6030	Total Expenses	<u>14,390</u>
	Operating Income (Loss)	4,042
	Contributions and Transfers	<u>-</u>
1300	Change in Net Position	4,042
0100	Total Net Position - Beginning	<u>45,307</u>
3300	Total Net Position - Ending	<u>\$ 49,349</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended August 31, 2021

	<u>Nonmajor Internal Service Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	\$ 18,432
Cash Payments to Other Suppliers for Goods and Services	<u>(15,702)</u>
Net Cash Provided (Used) by Operating Activities	<u>2,730</u>
<u>Cash Flows from Investing Activities:</u>	
Interfund Borrowing	-
Interest Earned on Investments	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,730
Cash and Cash Equivalents at Beginning of Year	<u>50,929</u>
Cash and Cash Equivalents at End of Year	<u>\$ 53,659</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income (Loss)	\$ 4,042
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	-
Increase (Decrease) in Liabilities	<u>(1,312)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,730</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
August 31, 2021

	<u>810 Private Purpose Trust Funds</u>	<u>860 Custodial Funds</u>
	<u>Scholarships</u>	<u>Student Activity</u>
ASSETS		
Cash and Cash Equivalents	\$ 23,634	\$ 36,460
 TOTAL ASSETS	 <u>\$ 23,634</u>	 <u>\$ 36,460</u>
 NET POSITION		
Restricted for:		
Scholarships	\$ 23,634	\$ -
Students	<u>-</u>	<u>36,460</u>
 TOTAL NET POSITION	 <u>\$ 23,634</u>	 <u>\$ 36,460</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
August 31, 2021

	810 Private Purpose Trust Funds	860 Custodial Funds
	<u>Scholarships</u>	<u>Student Activity</u>
ADDITIONS:		
Contributions/Gifts	\$ 6,250	\$ -
Fundraising Activity	-	67,762
Investment Earnings	49	-
Total Additions	<u>6,299</u>	<u>67,762</u>
DEDUCTIONS:		
Student Activities	-	81,593
Scholarships	2,250	-
Total Deductions	<u>2,250</u>	<u>81,593</u>
Net Increase (Decrease) in Fiduciary Net Position	4,049	(13,831)
Net Position - Beginning	<u>19,585</u>	<u>50,291</u>
NET POSITION - ENDING	<u>\$ 23,634</u>	<u>\$ 36,460</u>

The accompanying notes are an integral part of this statement.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 2
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies (Continued)

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

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

The District reports the following major governmental funds:

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

Debt Service Fund: This fund accounts for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term debt of governmental activities.

In addition, the District reports the following fund types:

Special Revenue Funds: These funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Except for the food service fund, any unused balances are returned to the grantor at the close of specific project periods. The food service fund is the only required budgeted special revenue fund. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. The District uses an internal service fund to account for the operation of its partially self-funded insurance plan for workers' compensation on a cost-reimbursement basis.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 3
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies (Continued)

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support the District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

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

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. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 4
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies (Continued)

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

Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

c. Fund Balance Classification

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of bonds and are restricted by State Statute.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Assigned: This classification represents amounts the District intends to use for a specific purpose, but does not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Fund balance can be assigned by the Superintendent or their designee.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 5
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Unassigned: This classification includes the residual fund balance for the General Fund.

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.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

d. 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.

e. 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.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 6
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts

a. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the statement of cash flows, the District considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. The State Treasurer's Investment Pools are operated in accordance with appropriate state laws and regulations. The reported values of the pools are the same as the fair value of the pool shares (Level 1 inputs).

b. Property Taxes

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

Allowances for uncollectible tax receivables are based upon historical experience in collecting property taxes. As of August 31, 2021, the amount deemed uncollectible by this estimate was \$94,980. 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.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 7
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies (Continued)

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide. Certain payments to vendors reflect the cost applicable to future periods and are recorded as prepaid items.

d. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	5-15
Office Equipment & Furniture	3-15
Computer Equipment	3

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of the period end.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 8
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies (Continued)

f. Interfund Activity

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

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has two items which qualify for reporting in this category in the government-wide statement of net position.

In addition to liabilities, the statement 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has one type of item which arises under the modified accrual basis of accounting and two types of items that qualify under the accrual basis of accounting. Accordingly, unavailable ad valorem tax revenue is only reported in the governmental funds balance sheet; and deferred inflows related to pensions is only reported in the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 9
Year Ended August 31, 2021

A. Summary of Significant Accounting Policies (Continued)

h. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 bond premiums or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

j. Data Control Codes

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

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 10
Year Ended August 31, 2021

B. Stewardship, Compliance and Accountability

1. Budgetary Information

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's Financial Accounting and Reporting module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, and the Child Nutrition Fund. The remaining special revenue funds adopt project-length budgets that do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting that is consistent with generally accepted accounting principles.

2. Fair Value Measurements

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

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 11
Year Ended August 31, 2021

B. Stewardship, Compliance and Accountability (continued)

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

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

C. Deposits and Investments

Under Texas state law, 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 the 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.

Cash Deposits

At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$2,399,659 and the bank balance was \$2,423,776. The District's cash deposits at August 31, 2021 and during the period then ended, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

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

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 12
 Year Ended August 31, 2021

C. Deposits and Investments (Continued)

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

State statutes and Board policy authorize the District to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of state, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent; 3) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 4) obligations of the state of Texas or its agencies; 5) other obligations guaranteed by the U.S. or the state of Texas or their agencies and instrumentalities; 6) fully collateralized repurchase agreements; and 7) public funds investment pools. Temporary investments are reported at cost, which approximates market, and are secured, when necessary, by the FDIC or obligations of items 1-4 above at 102% of the investment’s market value.

The District’s investments at August 31, 2021 included certificates of deposit amounting to \$1,664,735 and investment pools in the amount of \$1,915,567.

<u>Investment Pool</u>	<u>Account Name</u>	<u>Fund Rating (Standard & Poor’s)</u>	<u>Maturity</u>	<u>Amount</u>
TexPool LGIP	General Fund	AAAm	Wtd Avg Maturity 37 days	\$ 1,897,660
TexSTAR	Debt Service	AAAm	Wtd Avg Maturity 52 days	8,650
TexPool LGIP	Agency Funds	AAAm	Wtd Avg Maturity 37 days	<u>9,257</u>
				\$ 1,915,567

Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of now lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 13
Year Ended August 31, 2021

C. Deposits and Investments (Continued)

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Texas Local Government Investment Pool (TexPool)

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 "Act"), provide for the creation of public funds investment pools through which political subdivisions and other entities may invest public funds.

TexPool uses amortized cost to value portfolio assets and follows the criteria established by Governmental Accounting Standards Board ("GASB") Statement No. 79 for use of amortized cost.

Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts (the "Comptroller") administers the Texas Local Government Investment Pools (the "TexPool Portfolios") as public funds investment pools through the Texas Treasury Safekeeping Trust Company (the "Trust Company"). The Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state. The Comptroller is the sole officer, director, and shareholder of the Trust Company.

The Comptroller and the Trust Company have contracted with an administrator and investment manager ("Investment Manager") for the TexPool Portfolios. TexPool invests in U.S. Treasury and government agency securities, repurchase agreements, and certain mutual funds.

In accordance with the Act, the Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios and are qualified to advise the TexPool Portfolios.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 14
Year Ended August 31, 2021

C. Deposits and Investments (Continued)

The TexPool portfolio is designed and managed to ensure that it maintains its AAAM rating (or the equivalent by a nationally recognized statistical rating organization). The following guidelines are followed by the Investment Manager to maintain the portfolio maturity consistent with a stable net asset value per share: 1) The maximum remaining maturity of any security or other investment acquired for the portfolio shall be 397 calendar days or less; 2) the portfolio maintains a weighted average maturity of 60 days or less; and 3) the portfolio maintains a weighted average life of 120 days or less. Maturity limits are applied as defined in GASB 79.

State Street Bank and Trust, the custodian designated by the Investment Manager provides fund accounting services for TexPool and is responsible for marking-to-market the portfolio holdings of TexPool on a daily basis. The shadow price is the net asset value per share of TexPool, calculated using total investments measured at fair value at the calculation date.

Texas Short Term Asset Reserve Program (TexSTAR)

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"). TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors (the "Board").

J.P. Morgan Investment Management Inc. ("JPMIM" or the "investment manager") and Hilltop Securities Inc. ("HTS") serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (the "Board"). JPMIM provides investment management, and FirstSouthwest, a Division of HTS, provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. ("BFDS" or the "Transfer Agent"). Each of JPMIM, HTS, BFDS and JPMorgan Chase Bank, N.A. may provide certain services through the use of subcontractors and/or delegates.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 15
Year Ended August 31, 2021

C. Deposits and Investments (Continued)

The TexSTAR Cash Reserve Fund portfolio is designed and managed to ensure that it will meet all the requirements necessary to maintain a AAAM rating (or the equivalent) by a nationally recognized investment rating firm. The weighted average maturity of the TexSTAR Cash Reserve Fund portfolio shall be limited to: 1) a maximum sixty (60) days when calculated utilizing the period remaining until the date on which, in accordance with the terms of each security, the principal amount must unconditionally be paid, or in the case of security called for redemption, the date on which the redemption payment must be made, and may utilize the interest rate reset date for variable rate notes (VRN) or floating rate securities; and 2) one hundred twenty (120) days or fewer as calculated taking into account the period remaining until the date on which, in accordance with the terms of each security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made, with a maximum final stated maturity for any obligation of, or securities that are guaranteed or insured by the United States, its agencies or instrumentalities limited to 397 days for fixed rate securities and 24 months for variable rate notes. All investments shall be purchased on a delivery versus payment (DVP) basis.

The objective of the TexSTAR Cash Reserve Fund is to maintain a stable value of \$1.00 per unit. Although all securities in the portfolio shall be marked to market daily using the fair value method, amortized cost, which generally approximates the market value of securities, has been deemed to be a proxy for fair value.

Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 16
Year Ended August 31, 2021

C. Deposits and Investments (Continued)

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

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

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 17
 Year Ended August 31, 2021

D. Capital Assets

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

<u>Government Activities</u>	Balance 09/01/20	<u>Additions</u>	Deletions/ <u>Reclass</u>	Balance 08/31/21
Land	\$ 11,744	\$ -	\$ -	\$ 11,744
Buildings & Improvements	13,875,368	-	-	13,875,368
Vehicles	819,305	-	-	819,305
Furniture & Equipment	<u>619,391</u>	<u>24,009</u>	-	<u>643,400</u>
Total Capital Assets	15,325,808	24,009	-	15,349,817
 <u>Less Accumulated</u>				
<u>Depreciation:</u>				
Buildings & Improvements	5,121,713	346,824	-	5,468,537
Vehicles	581,331	55,030	-	636,361
Furniture & Equipment	<u>570,314</u>	<u>15,110</u>	-	<u>585,424</u>
Total Accum. Depreciation	<u>6,273,358</u>	<u>416,964</u>	-	<u>6,690,322</u>
 Net Capital Assets	 <u>\$ 9,052,450</u>	 <u>\$ (392,955)</u>	 <u>\$ -</u>	 <u>\$ 8,659,495</u>

Depreciation was charges to functions as follows:

11-Instructions	\$ 218,074
23-School Leadership	34,810
31-Guidance, Counseling & Evaluation Services	8,773
33-Health Services	7,678
34-Student (Pupil) Transportation	12,234
35-Food Service	23,744
36-Cocurricular/Extracurricular Activities	27,271
41-General Administration	41,243
51-Plant Maintenance & Operations	<u>43,137</u>
	<u>\$ 416,964</u>

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 18
 Year Ended August 31, 2021

E. Interfund Balances and Activities

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

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>General Fund:</u>		
Special Revenue Funds	\$ 39,619	-
<u>Total General Fund</u>	<u>39,619</u>	<u>-</u>
<u>Special Revenue Funds:</u>		
General Fund	-	39,619
<u>Total</u>	<u>\$ 39,619</u>	<u>\$ 39,619</u>

These interfund receivables and payables were recorded to eliminate cash flow deficits of special revenue funds. All amounts due are scheduled to be repaid within one year.

F. Interfund Transfers

Interfund transfers for the year ended August 31, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In From Other Funds</u>	<u>Transfers Out To Other Funds</u>
<u>General Fund:</u>		
Special Revenue Funds	\$ -	\$ 51,856
<u>Total General Fund</u>	<u>-</u>	<u>51,856</u>
<u>Special Revenue Funds:</u>		
General Fund	51,856	-
<u>Total</u>	<u>\$ 51,856</u>	<u>\$ 51,856</u>

The District transferred \$51,856 from the General Fund to the Food Service Fund to cover the deficit from food service activities.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 19
Year Ended August 31, 2021

G. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

H. Long-Term Obligations

Long-term obligations include debt and other long-term liabilities. During each year while bonds are outstanding, the District is required to levy and collect sufficient ad valorem taxes to provide for the payment of principal and interest as it becomes due. The District complied with all significant limitations and restrictions contained in the bond indentures. Interest charges of \$97,225 were charged to expense in the current period.

1. Changes in long-term obligations for the year ended August 31, 2021, are as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 3,060,000	\$ -	\$ 470,000	\$ 2,590,000	\$ 480,000
Premium on Bonds	143,245	-	42,646	100,599	-
Net Pension Liability	739,383	(39,169)	50,085	650,129	-
Net OPEB Liability	<u>1,129,568</u>	<u>(225,438)</u>	<u>17,723</u>	<u>886,407</u>	<u>-</u>
Total governmental activities	<u>\$ 5,072,196</u>	<u>\$ (264,607)</u>	<u>\$ 580,454</u>	<u>\$ 4,227,135</u>	<u>\$ 480,000</u>

<u>General Obligation Bonds – Descriptions</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount Of Original Issue</u>	<u>Amount Outstanding 8/31/2021</u>
Unlimited Tax Refunding Bonds – Series 2015	3.00% to 4.00%	2-15-2026	2,100,000	1,145,000
Unlimited Tax Refunding Bonds – Series 2016	2.00% to 3.00%	2-15-2026	2,715,000	<u>1,445,000</u>
				<u>\$ 2,590,000</u>

2. Debt service requirements on general obligation bonds at August 31, 2021, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 480,000	\$ 80,900	\$ 560,900
2023	500,000	64,050	564,050
2024	520,000	46,500	566,500
2025	535,000	28,325	563,325
2026	<u>555,000</u>	<u>9,550</u>	<u>564,550</u>
	<u>\$ 2,590,000</u>	<u>\$ 229,325</u>	<u>\$ 2,819,325</u>

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 20
Year Ended August 31, 2021

I. Pension Plan

1. Plan Description

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

2. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://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.

3. 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,

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 21
 Year Ended August 31, 2021

I. Pension Plan (continued)

including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

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.

4. 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 Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Current Fiscal Year Employer Contributions		\$ 54,541
Current Fiscal Year Member Contributions		\$ 172,444
2020 Measurement Year NECE On-behalf Contributions		\$ 147,945

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 22
Year Ended August 31, 2021

I. Pension Plan (continued)

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 sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- 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.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 23
Year Ended August 31, 2021

I. Pension Plan (continued)

5. Actuarial Assumptions

The total pension liability in the August 31, 2020 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 Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include Only federally tax-exempt municipal Bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2119
Inflation	2.30%
Salary Increases including inflation	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 report dated November 14, 2019.

6. Discount Rate

The single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 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.

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 24
Year Ended August 31, 2021

I. Pension Plan (continued)

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.

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

Asset Class	FY 2020 Target Allocation*	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18%	3.9%	0.99%
Non-U.S. Developed	13%	5.1%	0.92%
Emerging Markets	9%	5.6%	0.83%
Private Equity	14%	6.7%	1.41%
Stable Value			
Government Bonds	16%	(0.7%)	(0.05%)
Absolute Return (Including Credit Sensitive Investments)	0%	1.8%	0.00%
Stable Value Hedge Funds	5%	1.9%	0.11%
Real Return			
Real Estate	15%	4.6%	1.02%
Energy, Natural Resources, and Infrastructure	6%	6.0%	0.42%
Commodities	0%	0.8%	0.00%
Risk Parity			
Risk Parity	8%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2%	(1.5%)	(0.03%)
Asset Allocation Leverage	<u>(6%)</u>	(1.3%)	0.08%
Total	<u>100%</u>		
Inflation Expectation			2.00%
Volatility Drag***			(0.67%)
Expected Return			7.33%

*Target allocations are based on the FY2020 policy model.

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

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

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 25
 Year Ended August 31, 2021

I. Pension Plan (continued)

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.

7. 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 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
District's proportionate Share of the net pension liability:	\$ 1,002,487	\$ 650,129	\$ 363,846

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

At August 31, 2021, the District reported a liability of \$650,129 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 650,129
State's proportionate share that is associated with the District	<u>\$ 1,920,399</u>
Total	<u>\$ 2,570,528</u>

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

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 26
 Year Ended August 31, 2021

I. Pension Plan (continued)

At August 31, 2020 the employer’s proportion of the collective net pension liability was 0.0012138795% which was a decrease of 0.0002084715% 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, the District recognized pension expense of \$324,347 and revenue of \$230,981 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 1,187	\$ 18,143
Changes in actuarial assumptions	\$ 150,853	\$ 64,142
Difference between projected and actual Investment earnings	\$ 13,162	\$ -
Changes in proportion and difference between The employer’s contributions and the Proportionate share of contributions	<u>\$ 52,800</u>	<u>\$ 136,032</u>
Total as of August 31, 2020 measurement date	\$ 218,002	\$ 218,317
Contributions paid to TRS subsequent to the measurement date	<u>\$ 54,541</u>	<u>\$ -</u>
Total as of fiscal year-end	<u>\$ 272,543</u>	<u>\$ 218,317</u>

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

<u>Year ended August 31:</u>	<u>Pension Expense Amount</u>
2022	\$ 15,153
2023	9,946
2024	10,457
2025	(11,356)
2026	(20,077)
Thereafter	(4,438)

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 27
Year Ended August 31, 2021

J. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with 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.

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

TRS-Care provides 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.

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 28
 Year Ended August 31, 2021

J. Defined Other Post-Employment Benefit Plans (continued)

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 2020 Monthly Premium Rates

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

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 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.

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 29
 Year Ended August 31, 2021

J. Defined Other Post-Employment Benefit Plans (continued)

<u>Contribution Rates</u>		
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Current Fiscal Year Employer Contributions		\$ 19,301
Current Fiscal Year Member Contributions		\$ 14,556
2020 Measurement Year NECE On-behalf Contributions		\$ 23,815

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether 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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

5. 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 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 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.

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

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 Year Ended August 31, 2021

J. Defined Other Post-Employment Benefit Plans (continued)

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).

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

Actuarial Methods and Assumptions

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

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 31
 Year Ended August 31, 2021

J. Defined Other Post-Employment Benefit Plans (continued)

6. Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30 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 in 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.

7. Discount Rate Sensitivity Analysis

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

	<u>1% Decrease in</u> <u>Discount Rate (1.33%)</u>	<u>Discount Rate</u> <u>(2.33%)</u>	<u>1% Increase in</u> <u>Discount Rate (3.33%)</u>
District’s proportionate Share of the OPEB liability:	\$ 1,063,686	\$ 886,407	\$ 746,382

8. Healthcare Cost Trend Rates Sensitivity Analysis

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 assumed healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase</u>
District’s proportionate Share of the OPEB liability:	\$ 724,081	\$ 886,407	\$ 1,102,602

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

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Year Ended August 31, 2021

J. Defined Other Post-Employment Benefit Plans (continued)

9. 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 \$886,407 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	\$ 886,407
State’s proportionate share that is associated with the District	<u>\$ 1,191,119</u>
Total	<u>\$ 2,077,526</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 OPEB 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 0.0023317593% which was a decrease of 0.0000567776% from its proportion measured as of August 31, 2019.

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 (TOL).
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend 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.

SPUR INDEPENDENT SCHOOL DISTRICT
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 Year Ended August 31, 2021

J. Defined Other Post-Employment Benefit Plans (continued)

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$(26,475) and revenue of \$(8,271) for support provided by the State.

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 OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 46,412	\$ 405,665
Changes in actuarial assumptions	\$ 54,673	\$ 243,412
Difference between projected and actual investment earnings	\$ 288	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ -	\$ 42,977
Total as of August 31, 2020 measurement date	<u>\$ 101,373</u>	<u>\$ 692,054</u>
Contributions paid to TRS subsequent to the measurement date	<u>\$ 19,301</u>	<u>\$ -</u>
Total as of fiscal year-end	<u>\$ 120,674</u>	<u>\$ 692,054</u>

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:

<u>Year ended August 31:</u>	<u>OPEB Expense Amount</u>
2022	\$ (97,027)
2023	(97,065)
2024	(97,087)
2025	(97,081)
2026	(73,404)
Thereafter	(129,017)

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

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Year Ended August 31, 2021

K. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug expenditures for eligible TRS-Care participants. The District's portion of subsidy reimbursements received by TRS for the years ended August 31, 2021, 2020, and 2019 were \$10,018, \$9,474, and \$7,908, respectively.

L. Health Care Coverage

The District sponsors a fully insured health insurance plan to provide health care benefits to staff members and their dependents. The District paid premiums of \$225 per month for staff members participating in the plan. Staff members, at their option, authorized payroll deductions to pay premiums for their dependents. All premiums were paid to a licensed insurer.

M. Property/Casualty Insurance

During the year ended August 31, 2021, Spur ISD participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability & Physical Damage
- Legal Liability
- Property

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability, and Property Programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2021, the Fund anticipates that Spur ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin, Texas.

SPUR INDEPENDENT SCHOOL DISTRICT
 Spur, Texas

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 Year Ended August 31, 2021

N. Unemployment Compensation Pool

During the year ended August 31, 2021, Spur ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2021, the Fund anticipates the Spur ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020 are available at the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin, Texas.

O. Self-Insurance – Workmen's Compensation

The District participates in a public entity risk pool for its Workmen's Compensation Insurance needs. Over 100 school districts participate in the pool administered by Claims Administrative Services, Inc. The agreement between Spur Independent School District and the pool is renewable annually on September 1. The pool is protected against unanticipated catastrophic loss by stop loss coverage provided through Midwest Employer Casualty Corporation. The stop loss policy covers individual claims in excess of \$500,000 per incident.

Changes in the balance of workers' compensation claim liabilities during the past year are as follows.

	<u>Period Ended August 31, 2021</u>
Unpaid claims at September 1, 2020	\$ 5,622
Incurred claims	(1,126)
Total payments	<u>(186)</u>
Total Unpaid Claims at August 31, 2021 (allows for estimated claims IBNR)	<u>\$ 4,310</u>
Claims Incurred But Not Reported (IBNR)	<u>\$ 1,839</u>

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 36
Year Ended August 31, 2021

P. Litigation

There was no litigation pending or in progress against the District at August 31, 2021.

Q. 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 combined financial statements for such contingencies.

R. Accumulated Unpaid Sick Leave Benefits

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability for vacation leave has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying financial statements.

S. Shared Services Arrangements

Shared Services Arrangement – Membership

The District participates in a shared services arrangement for special education services with the following school districts:

Member Districts

Motley County Independent School District
Guthrie Independent School District
Jayton-Girard Independent School District
Turkey-Quitaque Independent School District
Patton Springs Independent School District
Paducah Independent School District

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

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Year Ended August 31, 2021

S. Shared Services Arrangements (continued)

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

REQUIRED SUPPLEMENTARY INFORMATION

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended August 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 1,484,485	\$ 1,519,485	\$ 1,467,780	\$ (51,705)
5800	State Program Revenues	1,725,212	1,725,212	1,654,214	(70,998)
5900	Federal Program Revenues	-	100,000	94,997	(5,003)
5020	Total Revenues	<u>3,209,697</u>	<u>3,344,697</u>	<u>3,216,991</u>	<u>(127,706)</u>
	EXPENDITURES:				
	Current:				
0011	Instruction	1,796,345	1,796,345	1,650,980	145,365
0012	Instructional Resources and Media Services	3,100	11,100	667	10,433
0013	Curriculum Dev. & Instructional Staff Dev.	3,550	12,550	1,649	10,901
0023	School Leadership	292,918	302,918	283,788	19,130
0031	Guidance, Counseling & Evaluation Services	77,387	85,387	71,523	13,864
0033	Health Services	61,990	67,990	57,767	10,223
0034	Student (Pupil) Transportation	122,739	122,739	99,738	23,001
0035	Food Services	-	17,000	6,452	10,548
0036	Curricular/Extracurricular Activities	286,267	286,267	222,329	63,938
0041	General Administration	373,346	373,346	336,238	37,108
0051	Plant Maintenance and Operations	391,158	416,158	351,680	64,478
0052	Security and Monitoring Services	3,500	10,500	-	10,500
0053	Data Processing Services	112,618	112,618	88,069	24,549
0061	Community Services	200	200	-	200
0081	Capital Outlay	-	-	-	-
0093	Payments to Member Districts of SSA	168,000	168,000	149,232	18,768
0099	Other Intergovernmental Charges	80,030	85,030	77,933	7,097
6030	Total Expenditures	<u>3,773,148</u>	<u>3,868,148</u>	<u>3,398,045</u>	<u>470,103</u>
	Other Financing Sources (Uses)				
7912	Sale of Real & Personal Property	-	15,000	12,375	(2,625)
8911	Operating Transfers Out	(40,000)	(95,000)	(51,856)	43,144
	Total Other Financing Sources and (Uses)	<u>(40,000)</u>	<u>(80,000)</u>	<u>(39,481)</u>	<u>40,519</u>
1200	Net Change in Fund Balance	(603,451)	(603,451)	(220,535)	382,916
0100	Fund Balance - Beginning	<u>4,215,664</u>	<u>4,215,664</u>	<u>4,215,664</u>	<u>-</u>
3000	Fund Balance - Ending	<u>\$ 3,612,213</u>	<u>\$ 3,612,213</u>	<u>\$ 3,995,129</u>	<u>\$ 382,916</u>

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
For the Year Ended August 31, 2021

	Measurement Year Ended August 31,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0012138795%	0.0014223510%	0.0013918231%	0.0016599355%	0.0015322355%	0.0017235000%	0.0009575000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 650,129	\$ 739,383	\$ 766,093	\$ 530,758	\$ 579,009	\$ 609,234	\$ 255,762
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>1,920,399</u>	<u>1,759,967</u>	<u>1,930,228</u>	<u>1,141,804</u>	<u>1,526,727</u>	<u>1,374,890</u>	<u>1,167,343</u>
Total	<u>\$ 2,570,528</u>	<u>\$ 2,499,350</u>	<u>\$ 2,696,321</u>	<u>\$ 1,672,562</u>	<u>\$ 2,105,736</u>	<u>\$ 1,984,124</u>	<u>\$ 1,423,105</u>
District's Covered Employee Payroll	\$ 2,232,325	\$ 2,104,513	\$ 2,046,187	\$ 2,089,026	\$ 2,130,889	\$ 2,007,440	\$ 1,966,110
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	29.12%	35.13%	37.44%	25.41%	27.17%	30.35%	13.01%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

SCHEDULE OF THE DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM
For the Year Ended August 31, 2021

	Fiscal Year Ended August 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 54,541	\$ 50,279	\$ 49,347	\$ 48,799	\$ 54,403	\$ 48,683	\$ 51,033
Contribution in Relation to the Contractually Required Contribution	<u>(54,541)</u>	<u>(50,279)</u>	<u>(49,347)</u>	<u>(48,799)</u>	<u>(54,403)</u>	<u>(48,683)</u>	<u>(51,033)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 2,239,527	\$ 2,232,325	\$ 2,104,513	\$ 2,046,187	\$ 2,089,026	\$ 2,130,889	\$ 2,007,440
Contributions as a percentage of Covered Employee Payroll	2.44%	2.25%	2.34%	2.38%	2.60%	2.28%	2.54%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Year Ended August 31, 2021

	Measurement Year Ended August 31,			
	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0023317593%	0.0023885369%	0.0023909301%	0.0024152670%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 886,407	\$ 1,129,568	\$ 1,193,813	\$ 1,050,309
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	1,191,119	1,500,944	1,766,502	1,649,045
Total	<u>\$ 2,077,526</u>	<u>\$ 2,630,512</u>	<u>\$ 2,960,315</u>	<u>\$ 2,699,354</u>
District's Covered Payroll	\$ 2,232,325	\$ 2,104,513	\$ 2,046,187	\$ 2,089,026
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	39.71%	53.67%	58.34%	50.28%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: Only four years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Year Ended August 31, 2021

	Fiscal Year Ended August 31,			
	2021	2020	2019	2018
Contractually Required Contribution	\$ 19,301	\$ 17,723	\$ 16,955	\$ 14,470
Contribution in Relation to the Contractually Required Contribution	<u>(19,301)</u>	<u>(17,723)</u>	<u>(16,955)</u>	<u>(14,470)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,239,527	\$ 2,232,325	\$ 2,104,513	\$ 2,046,187
Contributions as a percentage of Covered Payroll	0.86%	0.79%	0.81%	0.71%

Note: Only four years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

OTHER SUPPLEMENTARY INFORMATION

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2021

Last Ten Years Ended	1	2	3		10	20	31	32	40	50
	Tax Rates			Assessed/Appraised Value for School	Beginning Balance	Current Year's	Maintenance Total	Debt Service Total	Entire Year's	Ending Balance
	Maintenance	Debt Service	Total	Tax Purposes	09/01/20	Total Levy	Collections	Collections	Adjustments	08/31/21
August 31*										
2012 and Prior Years	Various	Various	Various	--	\$ 51,591	\$ -	\$ 601	\$ 18	\$ (6,067)	\$ 44,905
2013	1.04000	0.14000	1.1800	259,349,237	7,045	-	142	19	(567)	6,317
2014	1.04000	0.16800	1.2080	228,779,967	4,710	-	81	13	(525)	4,091
2015	1.04000	0.18800	1.2280	236,283,632	4,973	-	62	11	(914)	3,986
2016	1.04000	0.23300	1.2730	167,769,502	6,740	-	437	98	(1,396)	4,809
2017	1.04000	0.23300	1.2730	125,130,958	6,603	-	477	122	(1,891)	4,113
2018	1.04000	0.29860	1.3386	128,912,371	10,828	-	1,907	599	(1,595)	6,727
2019	1.04000	0.31500	1.3550	130,486,863	19,164	-	5,610	1,699	(1,927)	9,928
2020	0.97000	0.31380	1.2838	172,140,287	36,539	-	(69,399)	(18,385)	(106,622)	17,701
2021-School Year Under Audit	0.96640	0.33980	1.3062	158,427,500	-	2,069,380	1,446,929	512,789	(78,331)	31,331
1000	TOTALS				\$ 148,193	\$ 2,069,380	\$ 1,386,847	\$ 496,983	\$ (199,835)	\$ 133,908

Columns 10 + 20 - 30 - 30a + 40 Equals Column 50

Column 3 - Assessed/Appraised Value for School Tax Purposes:
This is the net appraised value, after deductions of all exemptions, tax freeze amounts and reductions provided by law and those granted by the district, based on maintenance requirements.

Column 20 - Current Year's Levy:
This amount is calculated by multiplying tax rate(s) times the applicable Assessed/Appraised Value(s) in Column 3.

Columns 30 and 30a - These are the total collections net of adjustments described in Column 40, according to each year of tax levy, and do NOT include penalties and interest.

Column 40 - Entire Year's Adjustments:
Total adjustments include corrections for errors in taxes assessed, taxes lost due to tax freeze and discounts allowed for early payment of taxes.

Column 50 - Ending Balance 8/31/21

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST/LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
For the Year Ended August 31, 2021

Data Control Codes	1	2	3
	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 3,000	\$ 1,931	\$ (1,069)
5800 State Program Revenues	700	612	(88)
5900 Federal Program Revenues	124,500	132,721	8,221
5020 Total Revenues	<u>128,200</u>	<u>135,264</u>	<u>7,064</u>
EXPENDITURES:			
Current:			
Support Services-Student (Pupil):			
0035 Food Services	210,718	187,120	23,598
Total Support Services - Student (Pupil)	<u>210,718</u>	<u>187,120</u>	<u>23,598</u>
6030 Total Expenditures	<u>210,718</u>	<u>187,120</u>	<u>23,598</u>
Other Financing Sources (Uses):			
7915 Operating Transfers In	85,000	51,856	(33,144)
Total Other Financing Sources and (Uses)	<u>85,000</u>	<u>51,856</u>	<u>(33,144)</u>
1200 Net Change in Fund Balance	2,482	-	(2,482)
0100 Fund Balance - Beginning	-	-	-
3000 Fund Balance - Ending	<u>\$ 2,482</u>	<u>\$ -</u>	<u>\$ (2,482)</u>

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended August 31, 2021

Data Control Codes	1	2	3
	Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 558,920	\$ 502,432	\$ (56,488)
5800 State Program Revenues	9,105	9,863	758
5020 Total Revenues	<u>568,025</u>	<u>512,295</u>	<u>(55,730)</u>
EXPENDITURES:			
Current:			
Debt Service			
0071 Principal on Long-Term Debt	470,000	470,000	-
0072 Interest on Long-Term Debt	97,225	97,225	-
0073 Bond Issuance Costs and Fees	800	600	200
Total Debt Service	<u>568,025</u>	<u>567,825</u>	<u>200</u>
6030 Total Expenditures	<u>568,025</u>	<u>567,825</u>	<u>200</u>
Other Financing Sources (Uses):			
7915 Operating Transfers In	-	-	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	(55,530)	(55,530)
0100 Fund Balance - Beginning	<u>90,097</u>	<u>90,097</u>	<u>-</u>
3000 Fund Balance - Ending	<u>\$ 90,097</u>	<u>\$ 34,567</u>	<u>\$ (55,530)</u>

Terry & King, CPAs, P.C.

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P.O. Box 93550
Lubbock, TX 79493-3550

Randel J. Terry, CPA
Ryan R. King, CPA

Telephone - (806) 698-8858 – Fax – (866) 288-6490

Independent Auditors' Report

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

Board of Trustees
Spur Independent School District
P.O. Box 250
Spur, Texas 79370

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Spur Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Spur Independent School District's basic financial statements, and have issued our report thereon dated October 22, 2021.

Internal Control over Financial Reporting

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

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



Independent Auditors' Report
Page 2

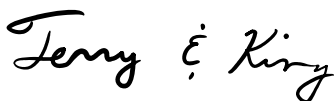
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Spur Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Respectfully submitted,

A handwritten signature in black ink that reads "Terry & King". The signature is written in a cursive, flowing style.

Terry & King, CPAs, P.C.
Lubbock, Texas
October 22, 2021

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2021

A. Summary of Auditors' Results

1. Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial Statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

SUMMARY OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2021

<u>Findings/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
Not Applicable - None		

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

CORRECTIVE ACTION PLAN
For the Year Ended August 31, 2021

Not Applicable – None Required

SPUR INDEPENDENT SCHOOL DISTRICT
Spur, Texas

SCHOOLS FIRST QUESTIONNAIRE
For the Year Ended August 31, 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 at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	N/A