

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2021**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS  
LUBBOCK, TEXAS

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2021**

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FOR THE YEAR ENDED AUGUST 31, 2021**

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CERTIFICATE OF BOARD

Plains Independent School District  
Name of School District

Yoakum  
County

251-902  
Co. - Dist. Number

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

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

**UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS**

Board of School Trustees  
Plains Independent School District  
Plains, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plains Independent School District (the District), as of and for the year ended August 31, 2021, and 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 of 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 Plains Independent School District, as of August 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-9, budgetary comparison information on page 46, and the pension and other post-employment benefit (OPEB) related information on pages 47-51, 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 assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plains Independent School District's basic financial statements. The other supplemental information comprised of combining balance sheets and statements of revenues, expenditures and changes in fund balance for nonmajor governmental funds and required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 November 29, 2021, on our consideration of Plains Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

November 29, 2021

# PLAINS INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

Our discussion and analysis of the Plains Independent School District's financial performance provides an overview of the District's financial performance for the year ended August 31, 2021. It should be read in conjunction with the District's Basic Financial Statements and Independent Auditor's Report.

This Management's Discussion and Analysis (MD&A) is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

## FINANCIAL HIGHLIGHTS

- The net position of the District increased by \$3,874,729. This increase was due to decreases in expenditures due to significant purchase for band instruments in prior year along with controlling expenses. The District's Statement of Activities showed total revenues were \$19,485,587 and expenses totaled \$15,610,858.
- The District ended the year, August 31, 2021, with total net position of \$26,171,984, including unrestricted net position of \$6,135,749. The balance of cash and investments at August 31, 2021, was \$15,812,195, which does not include the fiduciary cash and investment accounts since these funds are not for District operations.
- The total general fund expenditures were \$13,205,215 for the year ended August 31, 2021, and this compares with general fund expenditures of \$13,722,530 for the year ended August 31, 2020. The net decrease in expenditures relates to the purchases of multiple buses and band instruments in the prior year.
- The District's total revenues on the fund financial statements decreased from \$21,781,057 in 2019-20 to \$19,458,093 in 2020-21, primarily attributable to decreases in state funding due to increases in property tax valuations and decline in ADA.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The combining statements for nonmajor funds contain information about the District's individual nonmajor funds.

The section labeled Texas Education Agency Required Schedules contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **Reporting the District as a Whole**

### ***Government-Wide Financial Statements***

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities. The District currently has no business-type activities or component units as defined in the GASB Statement No. 34.

· Governmental Activities – All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

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

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

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education through TEA. The District's administration establishes many other funds to help it control and manage money for particular purposes. The District's two fund types—governmental and fiduciary—use different accounting approaches.

· Governmental Funds – Most of the District's basic services are included in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.

· Fiduciary funds – The District is the trustee, or fiduciary, for money raised by student activities, as well as for a scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes, and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**Table I**  
**Plains Independent School District**  
**Net Position**  
**August 31, 2021 and 2020**

	August 31,	
	2021	2020
Cash and Temporary Investments	\$ 15,812,195	\$ 12,588,747
Receivables	512,680	620,885
Capital Assets	39,856,601	41,132,648
Total Assets	<u>\$ 56,181,476</u>	<u>\$ 54,342,280</u>
Deferred Outflows of Resources	\$ 1,088,361	\$ 1,419,942
Total Deferred Outflows	<u>\$ 1,088,361</u>	<u>\$ 1,419,942</u>
Current Liabilities	\$ 6,924,769	\$ 3,118,025
Long-Term Liabilities	22,365,551	29,125,966
Total Liabilities	<u>\$ 29,290,320</u>	<u>\$ 32,243,991</u>
Deferred Inflows of Resources	\$ 1,807,533	\$ 1,220,976
Total Deferred Inflows	<u>\$ 1,807,533</u>	<u>\$ 1,220,976</u>
Net Position		
Net Investment in Capital Assets	\$ 16,860,187	\$ 13,257,215
Restricted for Debt Service	3,176,048	2,916,789
Unrestricted Net Position	6,135,749	6,123,251
Total Net Position	<u><u>\$ 26,171,984</u></u>	<u><u>\$ 22,297,255</u></u>

## Changes in Net Position

The District's net position increased by \$3,874,729 during the year ended August 31, 2021 (see Table II). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$12,498 from \$6,123,251 in 2020 to \$6,135,749 in 2021.

**Table II**  
**Plains Independent School District**  
**Changes in Net Position**  
**For the Years Ended August 31, 2021 and 2020**

	August 31,	
	2021	2020
Revenues:		
Program Revenues:		
Charges For Services	\$ 72,450	\$ 84,469
Operating Grants and Contributions	852,422	1,187,187
General Revenues:		
Maintenance and Operations Taxes	12,270,000	12,084,238
Debt Service Taxes	5,852,343	5,741,967
State Formula Aid	252,525	2,545,491
Investment Earnings	161,321	328,276
Miscellaneous	24,526	204,949
Total Revenue	<u>\$ 19,485,587</u>	<u>\$ 22,176,577</u>
Expenses:		
Instruction and Instructional-Related Services	\$ 4,079,149	\$ 4,429,134
Instructional and School Leadership	393,384	428,764
Student Support Services	272,681	272,340
Student Transportation	160,113	269,085
Food Services	393,046	456,048
Extracurricular Activities	791,415	816,252
General Administration	445,352	491,229
Plant Maintenance and Security & Monitoring Services	958,603	1,078,316
Data Processing	270,262	273,451
Community Services	1,171	
Debt Service	761,470	833,476
Other Payments	7,084,212	6,760,406
Total Expenses	<u>\$ 15,610,858</u>	<u>\$ 16,108,501</u>
Change in Net Position	<u>\$ 3,874,729</u>	<u>\$ 6,068,076</u>

The District's total revenues decreased from \$22,176,577 in fiscal year 2020 to \$19,485,587 in fiscal year 2021, a decrease of \$2,690,990. The total expenses of the District decreased by \$497,643 from \$16,108,501 to \$15,610,858. This decrease was attributable to decreases in Foundation funding due to increased property values and decline in ADA. Although there were increases in WADA payments, expenses decreased due to the purchase of band instruments in the prior year and efforts to control expenses.

Other factors impacting the District's financial position include the following:

- The District's total property tax rate decreased from \$1.4308 in 2020 to \$1.4272 in 2021, a decrease of \$0.0036 per 100 dollars of valuation in the M&O tax. The District's tax rates for 2020 were M&O tax rate of \$0.9664 and an I&S rate of \$0.4608. The District's appraised valuation of taxable property increased from \$1,241,225,893 to \$1,267,115,777, an increase of \$25,889,884 or 2.1%. This increase is related primarily to increases in mineral values. The total school property taxes assessed for school year 2021 were \$18,084,276. This is an increase of \$324,816 from the \$17,759,460 assessed in 2020.
- The District's average daily attendance (ADA) is the basis for most of the State funding received. The ADA went from 431.524 in 2020 to 415.925 in 2021. Although ADA decreased, increases in property values are the driving factor for the \$2,292,966 decrease in state funding which decreased from \$2,545,491 in 2020 to \$252,525 in 2021.

## **Fund Balances**

The District's total Governmental Funds fund balance was \$12,574,369. This fund balance is reported in the various Governmental funds as follows:

### General Fund

Unassigned – \$4,973,085. This balance is available for current spending; it has been the practice of the District to try and maintain a fund balance that is at least several months of operating expenses.

Committed for Construction and Equipment – \$4,500,000. This represents amounts the Board of Trustees has earmarked for future facilities construction and equipment purchases.

### Debt Service Fund

Restricted for Retirement of Long-Term Debt – \$3,047,820. These funds are restricted by debt service covenants to fund the principal and interest payments of the bond issue.

### Special Revenue Fund

Assigned – \$53,464. This represents amounts that management has assigned for the use of Campus Activity Funds.

## **Budgetary Highlights**

Over the course of the year, the Board of Trustees should have revised the District's budget several times. These budget amendments were necessary to reflect the revised estimates of revenues and expenses. There were no individually significant amendments, while most amendments were to reclassify expenditures in various functions. The District expenditures exceeded appropriations in the data processing services function in the general fund.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### Capital Assets

Financial statement footnote No. 6 discloses the capital asset activity of the District for the year ended August 31, 2021.

## Debt

Financial statement footnote No. 9 discloses the debt activity of the District for the year ended August 31, 2021.

During the year, the District extinguished \$1,900,000 of debt early through in-substance defeasances.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District has adopted a deficit budget for the fiscal year 2021-2022.

The District has budgeted \$10,079,226 in general fund revenues for fiscal year 2021-2022. This is down \$3,148,420 from the \$13,227,646 actual general fund revenue for the 2020-2021 fiscal year. This is related to decreased property tax revenue due to the decrease in the M&O rate and decreased property values.

The District also budgeted \$10,528,620 in general fund expenditures for 2021-2022. This is down \$2,676,595 from the actual 2020-2021 general fund expenditures of \$13,205,215 and is due to decrease in recapture payments to the state.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Plains Independent School District, 811 Cowboy Way, Plains, Texas 79355.

**BASIC FINANCIAL STATEMENTS**

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION  
AUGUST 31, 2021

Data Control Codes		<u>Primary Government</u>
		<u>Governmental Activities</u>
	ASSETS:	
1110	Cash and Temporary Investments	\$ 15,812,195
1220	Property Taxes - Delinquent	427,757
1230	Allowance for Uncollectible Taxes	(26,582)
1240	Due from Other Governments	104,956
1250	Accrued Interest	6,549
	Capital Assets:	
1510	Land	121,759
1520	Buildings and Improvements, Net	38,834,614
1530	Furniture and Equipment, Net	350,509
1540	Vehicles, Net	<u>549,719</u>
1000	Total Assets	<u>\$ 56,181,476</u>
	DEFERRED OUTFLOWS OF RESOURCES:	
1701	Unamortized Loss on Bond Refunding	\$ 148,330
1705	Deferred Outflow Related to TRS Pension Liability	516,931
1706	Deferred Outflow Related to TRS OPEB Liability	<u>423,100</u>
1700	Total Deferred Outflows of Resources	<u>\$ 1,088,361</u>
	LIABILITIES:	
2110	Accounts Payable	\$ 181,387
2140	Interest Payable	45,438
2160	Accrued Wages Payable	220,471
2180	Due to Other Governments	856,971
2200	Accrued Expenses	6,441
2300	Unearned Revenue	2,084,061
	Noncurrent Liabilities:	
2501	Due Within One Year	3,530,000
2502	Due in More than One Year	18,015,000
2516	Unamortized Bond Premium	1,554,306
2540	Net Pension Liability (District's Share)	1,350,726
2545	Net OPEB Liability (District's Share)	<u>1,445,519</u>
2000	Total Liabilities	<u>\$ 29,290,320</u>
	DEFERRED INFLOWS OF RESOURCES:	
2605	Deferred Inflow Related to TRS Pension Liability	\$ 418,322
2606	Deferred Inflow Related to TRS OPEB Liability	<u>1,389,211</u>
2600	Total Deferred Inflows of Resources	<u>\$ 1,807,533</u>
	NET POSITION:	
3200	Net Investment in Capital Assets	\$ 16,860,187
3850	Restricted for Debt Service	3,176,048
3900	Unrestricted Net Position	<u>6,135,749</u>
3000	Total Net Position	<u>\$ 26,171,984</u>

The accompanying notes are an integral part of this financial statement.

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1	Program Revenues		6	
		Expenses	3		4
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	
				Total Governmental Activities	
0011	Instruction	\$ 3,937,984	\$	\$ 409,251	\$ (3,528,733)
0012	Instructional Resources and Media Services	51,224		8,722	(42,502)
0013	Curriculum and Staff Development	89,941		44,689	(45,252)
0021	Instructional Leadership	456		241	(215)
0023	School Leadership	392,928		31,172	(361,756)
0031	Guidance, Counseling, and Evaluation Services	173,088		10,579	(162,509)
0033	Health Services	99,593		4,044	(95,549)
0034	Student Transportation	160,113		7,799	(152,314)
0035	Food Services	393,046	7,312	205,126	(180,608)
0036	Extracurricular Activities	791,415	12,591	52,094	(726,730)
0041	General Administration	445,352		25,143	(420,209)
0051	Plant Maintenance and Operations	951,602	52,547	31,267	(867,788)
0052	Security and Monitoring Services	7,001			(7,001)
0053	Data Processing Services	270,262		6,654	(263,608)
0061	Community Services	1,171			(1,171)
0072	Interest on Long-Term Debt	754,257		15,641	(738,616)
0073	Bond Issuance Cost and Fees	7,213			(7,213)
0091	Contracted Instructional Services Between Schools	6,824,303			(6,824,303)
0093	Payments to Fiscal Agent/Member Districts of SSA	112,977			(112,977)
0099	Other Intergovernmental Charges	146,932			(146,932)
TP	Total Primary Government	\$ 15,610,858	\$ 72,450	\$ 852,422	\$ (14,685,986)

Data Control Codes

General Revenues:

MT	Property Taxes, Levied for General Purposes	\$ 12,270,000
DT	Property Taxes, Levied for Debt Service	5,852,343
SF	State Aid Formula Grants	252,525
GC	Grants and Contributions not Restricted	6,730
IE	Investment Earnings	161,321
MI	Miscellaneous Local and Intermediate Revenue	17,796
TR	Total General Revenues	\$ 18,560,715
CN	Change in Net Position	\$ 3,874,729
NB	Net Position - Beginning	22,297,255
NE	Net Position - Ending	\$ 26,171,984

The accompanying notes are an integral part of this financial statement.

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2021

Data Control Codes	Major Funds			98 Total Governmental Funds	
	10 General Fund	50 Debt Service Fund	Other Governmental Funds		
<b>ASSETS:</b>					
1110	Cash and Temporary Investments	\$ 12,710,195	\$ 3,048,186	\$ 53,814	\$ 15,812,195
1220	Property Taxes - Delinquent	298,045	129,712		427,757
1230	Allowance for Uncollectible Taxes	(25,098)	(1,484)		(26,582)
1240	Due from Other Governments			104,956	104,956
1250	Accrued Interest	6,549			6,549
1260	Due from Other Funds	30,926			30,926
1000	Total Assets	<u>\$ 13,020,617</u>	<u>\$ 3,176,414</u>	<u>\$ 158,770</u>	<u>\$ 16,355,801</u>
<b>LIABILITIES:</b>					
2110	Accounts Payable	\$ 129,597	\$	\$ 51,790	\$ 181,387
2160	Accrued Wages Payable	200,108		20,363	220,471
2170	Due to Other Funds			30,926	30,926
2180	Due to Other Governments	856,971			856,971
2200	Accrued Expenditures	4,214		2,227	6,441
2300	Unearned Revenue	2,083,695	366		2,084,061
2000	Total Liabilities	<u>\$ 3,274,585</u>	<u>\$ 366</u>	<u>\$ 105,306</u>	<u>\$ 3,380,257</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
2601	Unavailable Revenue - Property Taxes	\$ 272,947	\$ 128,228	\$	\$ 401,175
2600	Total Deferred Inflows	<u>\$ 272,947</u>	<u>\$ 128,228</u>	<u>\$ 0</u>	<u>\$ 401,175</u>
<b>FUND BALANCES:</b>					
3480	Restricted - Debt Service	\$	\$ 3,047,820	\$	\$ 3,047,820
3510	Committed - Construction	3,500,000			3,500,000
3530	Committed - Equipment	1,000,000			1,000,000
3590	Assigned - Campus Activity Funds			53,464	53,464
3600	Unassigned	4,973,085			4,973,085
3000	Total Fund Balances	<u>\$ 9,473,085</u>	<u>\$ 3,047,820</u>	<u>\$ 53,464</u>	<u>\$ 12,574,369</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 13,020,617</u>	<u>\$ 3,176,414</u>	<u>\$ 158,770</u>	<u>\$ 16,355,801</u>

The accompanying notes are an integral part of this financial statement.

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

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

Data  
Control  
Codes

	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 12,574,369
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$52,610,255 and the accumulated depreciation was (\$11,477,607). In addition, long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in these funds. The long-term debt was (\$27,875,433). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	13,257,215
2	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays \$23,853 and debt principal payments \$4,465,000 is to increase net position.	4,488,853
3	Premium amortization, loss due to refunding amortization, and change in accrued interest are not financial resources and therefore not reported in governmental funds. The net effect of including the premium amortization \$451,664, loss due to refunding amortization (\$37,083), and change in accrued interest (\$562) is to increase net position.	414,019
4	The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,299,900)
5	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68 in the amount of (\$1,350,726), a Deferred Resource Inflow related to TRS in the amount of (\$418,322), and a Deferred Resource Outflow related to TRS in the amount of \$516,931. This amounted to a decrease in net position.	(1,252,117)
6	Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liabilities required by GASB 75 in the amount of (\$1,445,519), a Deferred Resource Inflow related to TRS in the amount of (\$1,389,211), and a Deferred Resource Outflow related to TRS in the amount of \$423,100. This amounted to a decrease in net position.	(2,411,630)
7	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes recognizing deferred property tax revenue of \$401,175 as revenue. The effect of this reclassification is to increase net position.	<u>401,175</u>
19	Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 26,171,984</u>

The accompanying notes are an integral part of this financial statement.

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

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

Data Control Codes	Major Funds			98 Total Governmental Funds	
	10 General Fund	50 Debt Service Fund	Other Governmental Funds		
Revenues:					
5700	Local and Intermediate Sources	\$ 12,496,436	\$ 5,886,904	\$ 51,884	\$ 18,435,224
5800	State Program Revenues	534,018	15,641	1,810	551,469
5900	Federal Program Revenues	197,192		274,208	471,400
5020	Total Revenues	\$ 13,227,646	\$ 5,902,545	\$ 327,902	\$ 19,458,093
Expenditures:					
0011	Instruction	\$ 3,034,356		\$ 224,815	\$ 3,259,171
0012	Instructional Resources and Media Services	40,721		5,951	46,672
0013	Curriculum and Staff Development	30,166		44,689	74,855
0021	Instructional Leadership	350			350
0023	School Leadership	313,790		11,191	324,981
0031	Guidance, Counseling, and Evaluation Services	142,838			142,838
0033	Health Services	82,570			82,570
0034	Student Transportation	132,344			132,344
0035	Food Services	325,363			325,363
0036	Extracurricular Activities	632,417		33,159	665,576
0041	General Administration	360,041		9,093	369,134
0051	Plant Maintenance and Operations	795,075			795,075
0052	Security and Monitoring Services	5,827			5,827
0053	Data Processing Services	224,170			224,170
0061	Community Services	975			975
0071	Principal on Long-Term Debt		4,465,000		4,465,000
0072	Interest on Long-Term Debt		1,168,276		1,168,276
0073	Bond Issuance Cost and Fees		7,213		7,213
0091	Contracted Instructional Services Between Schools	6,824,303			6,824,303
0093	Payments to Fiscal Agent/Member Districts of SSA	112,977			112,977
0099	Other Intergovernmental Charges	146,932			146,932
6030	Total Expenditures	\$ 13,205,215	\$ 5,640,489	\$ 328,898	\$ 19,174,602
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 22,431	\$ 262,056	\$ (996)	\$ 283,491
1200	Net Change in Fund Balance	\$ 22,431	\$ 262,056	\$ (996)	\$ 283,491
0100	September 1 - Fund Balance	9,450,654	2,785,764	54,460	12,290,878
3000	August 31 - Fund Balance	\$ 9,473,085	\$ 3,047,820	\$ 53,464	\$ 12,574,369

The accompanying notes are an integral part of this financial statement.

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3) \$ 283,491

Amounts reported for governmental activities in the Statement of Activities (Exhibit B-1) 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 estimated useful lives as depreciation expense. This is the amount by which depreciation (\$1,299,900) exceeded capital outlays \$23,853 in the current period. (1,276,047)

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net amount by which deferred property tax revenue changed between the current year \$401,175 and the prior year (\$410,605). (9,430)

Repayment of bond and note principal of \$4,465,000 is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 4,465,000

Premium amortization, loss due to refunding amortization, and change in accrued interest are not financial resources and therefore not reported in governmental funds. The net effect of including the premium amortization \$451,664, loss due to refunding amortization (\$37,083), and change in accrued interest (\$562) is to increase net position. 414,019

Current year changes due to GASB 68 increased revenues in the amount of \$111,104 and increased expenses in the amount of (\$175,785) resulting in a decrease in the change in ending net position of (\$64,681). (64,681)

Current year changes due to GASB 75 decreased revenues in the amount of (\$74,180) and decreased expenses in the amount of \$136,557 resulting in an increase in the change in ending net position of \$62,377. 62,377

Change in Net Position of Governmental Activities (Exhibit B-1) \$ 3,874,729

The accompanying notes are an integral part of this financial statement.

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2021

	<u>Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
ASSETS:		
Cash and Temporary Investments	\$ <u>9,657</u>	\$ <u>54,442</u>
Total Assets	\$ <u>9,657</u>	\$ <u>54,442</u>
NET POSITION:		
Unrestricted Net Position	\$	\$ 54,442
Restricted Net Position	<u>9,657</u>	<u>                    </u>
Total Net Position	<u>\$ 9,657</u>	<u>\$ 54,442</u>

The accompanying notes are an integral part of this financial statement.

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

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

	<u>Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
<b>ADDITIONS:</b>		
Interest Income	\$ 63	\$
Other Revenues	<u>500</u>	<u>50,060</u>
Total Additions	<u>\$ 563</u>	<u>\$ 50,060</u>
<b>DEDUCTIONS:</b>		
Scholarships	\$ 3,300	\$
Student Activities	<u></u>	<u>54,159</u>
Total Deductions	<u>\$ 3,300</u>	<u>\$ 54,159</u>
Change in Net Position	\$ (2,737)	\$ (4,099)
Net Position - September 1 (Beginning)	<u>12,394</u>	<u>58,541</u>
Net Position - August 31 (Ending)	<u>\$ 9,657</u>	<u>\$ 54,442</u>

The accompanying notes are an integral part of this financial statement.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Plains Independent School District's (the District) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FAR) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

**A. REPORTING ENTITY**

The Board of School Trustees (the Board), a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public. The Board has the exclusive power and duty to govern and oversee the management of the District. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

**B. BASIS OF ACCOUNTING AND PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes, state foundation funds, grants, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (i.e., internal service funds are considered governmental activities and not business-type activities). The District currently has no business-type activities.

These government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond premiums and refunding losses are deferred and amortized over the life of the bonds. Bond issuance costs are expensed in accordance with GASB Statements No. 63 and 65.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The charges for services column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. The operating grants and contributions column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

**FUND FINANCIAL STATEMENTS**

Separate financial statements are provided for governmental funds and fiduciary funds. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. Major governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of property taxes. Amounts have been recorded for property tax revenues collected through August 31, 2021. State revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

## PLAINS INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

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

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

#### GOVERNMENTAL FUND TYPES

The District reports the following major governmental funds:

**General Fund** – This fund is established to account for resources used for general operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund, and unassigned fund balances are considered resources available for current operations.

The District accounts for its Food Service Fund in the general fund. Students are not charged for meals, and when necessary, the general fund subsidizes the Food Service Fund for all amounts required in excess of amounts received from the National School Lunch and Breakfast Programs.

**Debt Service Fund** – This fund is used to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which tax has been dedicated. This is a budgeted fund and any unused sinking fund balances will be transferred to the general fund after all of the related debt obligations have been met.

Additionally, the government 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. Unused balances are returned to the grantor at the close of specified project periods.

## PLAINS INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

#### FIDUCIARY FUND TYPES

**Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated may be used for purposes that benefit parties outside the District. The District's Private Purpose trust funds are scholarship funds.

**Custodial Funds** – These custodial funds are used to account for activities of student groups. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees. If any unused resources are declared surplus by the student groups, they are transferred to the general fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

#### C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' useful lives are not capitalized.

Revenues from state and federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant. Funds received but unexpended are reflected as deferred revenues, and funds expended but not yet received are shown as receivables. If balances have not been expended by the end of the project period, grantors generally require the District to refund all or part of the unused amount.

Supplies and materials are debited as expenditures when purchased.

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. The District does have a policy to pay a portion of the accumulated benefit when employees separate from service with the District. There is no liability recorded for unpaid accumulated sick leave since the amount was determined to be immaterial.

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR. Mandatory codes are utilized in the form provided in that section.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**D. BUDGETARY DATA**

The official budget was prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America, for the general fund and debt service fund. The remaining special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must be given.
- c. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The budget is prepared and controlled at the function level within each fund and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact and they are reflected in the official minutes of the Board. During the year, expenditures exceeded appropriations in the data processing services function in the general fund.

**E. ENCUMBRANCE ACCOUNTING**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2021.

**F. FUND BALANCES**

Fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of restrictions by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by formal action by the Board of Trustees, the highest level of decision making authority.

Assigned – Amounts that can be used for a specific purpose as expressed by the authorized administrator, the Superintendent.

Unassigned – Amounts not included in other spendable classifications.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure 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, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**G. NET POSITION ON THE STATEMENT OF NET POSITION**

Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – this component of net position represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding any unspent bond proceeds that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Debt Service – this component of net position represents the difference between assets and liabilities of the debt service fund that consists of assets with constraints placed on their use by creditors.

Unrestricted – the difference between assets and liabilities that is not reported in Net Investment in Capital Assets or Net Position Restricted for Debt Service.

**H. 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.

**I. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The fiduciary net position of the 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.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**J. MANAGEMENT'S USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make 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.

**2. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

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

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

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy does not address the following risks:

- a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, because they are all covered by depository insurance and pledged securities held by a third party in the District's name.
- b. Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2020, all of the District's investments are in external investment pools and as such the District has no risk.
- c. Credit Risk – The risk that an issuer of another counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2021, the District was not significantly exposed to credit risk.
- d. Interest Rate Risk – Not applicable
- e. Foreign Currency Risk – Not applicable

The carrying amount of the District's cash and temporary investments at August 31, 2021 approximates fair value and consisted of the following with respective maturities and credit rating:

	Amount	Percent	Maturity in Less than 1 Year	Credit Rating
Cash in Bank	\$ 12,040,405	75.84%	\$ 12,040,405	N/A
Certificates of Deposit	3,833,873	24.15%	3,833,873	N/A
Lone Star Investment Pool	2,016	0.01%	2,016	AAAm
	<u>\$ 15,876,294</u>	<u>100.00%</u>	<u>\$ 15,876,294</u>	

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

Public Funds Investment Pools

Public Funds Investment Pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) Have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) Maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and, 3) Maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The District's investment 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 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.

**3. PROPERTY TAXES**

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

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. All property taxes remaining uncollected after ten years are provided for in the allowance for uncollectible taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**4. INTERFUND RECEIVABLES AND PAYABLES**

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund		
Special Revenue Funds	\$ 30,926	\$ 0
Special Revenue Funds		
General Fund	\$ 0	\$ 30,926
	<u>\$ 30,926</u>	<u>\$ 30,926</u>

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

The amount due from other governments of \$104,956 is due from the State for unreimbursed grant expenditures.

The amount of \$856,971 due to other governments represents the 2020-21 remaining recapture amount due to the State.

**6. CAPITAL ASSETS**

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

	<u>9/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>8/31/2021</u>
Capital Assets:				
Land	\$ 121,759	\$	\$	\$ 121,759
Building and Improvements	48,607,334			48,607,334
Furniture and Equipment	2,320,324	23,853	69,159	2,275,018
Vehicles	1,560,838		173,559	1,387,279
	<u>\$ 52,610,255</u>	<u>\$ 23,853</u>	<u>\$ 242,718</u>	<u>\$ 52,391,390</u>
Accumulated Depreciation:				
Buildings and Improvements	\$ 8,685,137	\$ 1,087,583	\$	\$ 9,772,720
Furniture and Equipment	1,875,981	117,687	69,159	1,924,509
Vehicles	916,489	94,630	173,559	837,560
	<u>\$ 11,477,607</u>	<u>\$ 1,299,900</u>	<u>\$ 242,718</u>	<u>\$ 12,534,789</u>
	<u>\$ 41,132,648</u>	<u>\$ (1,276,047)</u>	<u>\$ 0</u>	<u>\$ 39,856,601</u>

Depreciation expense was charged to functions of the primary government as follows:

Instruction	\$ 656,847
Instruction Resources and Media Services	9,406
Curriculum and Instructional Staff Development	15,086
Instructional Leadership	71
School Leadership	65,496
Guidance, Counseling, and Evaluation Services	28,787
Health Services	16,641
Student (Pupil) Transportation	26,672
Food Services	65,573
Cocurricular/Extracurricular Activities	134,139
General Administration	74,395
Plant Maintenance and Operations	160,238
Security and Monitoring Services	1,174
Data Processing Services	45,179
Community Services	196
	<u>\$ 1,299,900</u>

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

Buildings and Improvements	15 - 40 years
Furniture and Equipment	3 - 15 years
Vehicles	5 - 10 years

**7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows on the Statement on Net Position consists of deferred loss on bond refunding, which is amortized over the life of the refunding bond of \$148,330, the District's proportionate share of TRS pension deferred outflows of \$516,931 (See Note 12), and the District's proportionate share of TRS OPEB deferred outflows of \$423,100 (See Note 13).

Deferred Inflows on the Statement on Net Position consists of the District's proportionate share of TRS pension deferred inflows of \$418,322 (See Note 12) and the District's proportionate share of TRS OPEB deferred inflows of \$1,389,211 (See Note 13).

Deferred Inflows on the Balance Sheet – Governmental Funds consists of:

	General Fund	Debt Service Fund	Total
Property Taxes - Delinquent	\$ 298,045	\$ 129,712	\$ 427,757
Less: Allowance for Uncollectible Taxes	<u>(25,098)</u>	<u>(1,484)</u>	<u>(26,582)</u>
Total Deferred Inflows (Exhibit C-1)	<u>\$ 272,947</u>	<u>\$ 128,228</u>	<u>\$ 401,175</u>

**8. UNEARNED REVENUE**

Unearned revenues are associated with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenues consisted of state overpayments in the general fund of \$2,083,695 and in the debt service fund of \$366.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. LONG-TERM DEBT**

General Obligation Bonds

A summary of bonds payable as of August 31, 2021 is as follows:

Description	Interest Rate	Amount Originally Issued	Interest Current Year	Due Within One Year
2013 Unlimited School Building Bonds	1.50%	\$ 3,000,000	\$ 5,737	\$
2013-A Unlimited School Building Bonds	2.00% - 4.00%	6,545,000	328,153	875,000
2014-A Unlimited School Building Bonds	2.00% - 4.00%	9,265,000	179,514	1,055,000
2017 Unlimited Tax Refunding Bonds	2.00% - 4.00%	8,710,000	337,862	
2020 Unlimited Tax Refunding Bonds	4.00% - 5.00%	6,745,000	317,572	1,600,000
		<u>\$ 34,265,000</u>	<u>\$ 1,168,838</u>	<u>\$ 3,530,000</u>

A summary of changes in bonds and notes payable for the year ended August 31, 2021 is as follows:

Description	Amount Outstanding 9/1/2020	Issued Current Year	Retired Current Year	Amount Outstanding 8/31/2021
2013 Unlimited School Building Bonds	\$ 400,000	\$	\$ 400,000	\$ 0
2013-A Unlimited School Building Bonds	5,665,000		1,545,000	4,120,000
2014-A Unlimited School Building Bonds	4,720,000		1,265,000	3,455,000
2017 Unlimited Tax Refunding Bonds	8,565,000			8,565,000
2020 Unlimited Tax Refunding Bonds	6,660,000		1,255,000	5,405,000
	<u>\$ 26,010,000</u>	<u>\$ 0</u>	<u>\$ 4,465,000</u>	<u>\$ 21,545,000</u>

Accrued interest payable at year end amounted to \$45,438 and is shown as a payable on the Statement of Net Position. As of August 31, 2021, the balance of the Unamortized Bond Premiums is \$1,554,306.

During fiscal year 2013, the District issued unlimited tax school building bonds of \$3,000,000 with an interest rate of 1.5%. Interest expenditures for these bonds for the year ended August 31, 2021, totaled \$5,737. During the current year, the final scheduled payment was made to retire these bonds.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

During fiscal year 2013, the District issued unlimited tax school building bonds of \$6,545,000 with various interest rates of 2.0% - 4.0% and annual maturities through August 2027. Interest expenditures for these bonds for the year ended August 31, 2021, totaled \$328,153. During the current year, the District extinguished \$1,545,000 of this debt through an in-substance defeasance. At August 31, 2021, \$1,545,000 of defeased bond principal remains in escrow and will be retired in 2023.

During fiscal year 2014, the District issued unlimited tax school building bonds of \$9,265,000 with various interest rates of 2.0% - 4.0% and annual maturities through August 2027. Interest expenditures for these bonds for the year ended August 31, 2021, totaled \$179,514. During the current year, the District extinguished \$355,000 of this debt through an in-substance defeasance. At August 31, 2021, \$355,000 of defeased bond principal remains in escrow and will be retired in 2023.

In October 2017, the District issued \$8,710,000 in Unlimited Tax Refunding Bonds, Series 2017, with an average interest rate of 3.57% and annual maturities through August 2030. Interest expenditures on this bonded debt totaled \$337,862 for the year ended August 31, 2021.

In May 2020, the District issued \$6,745,000 in Unlimited Tax Refunding Bonds, Series 2020, with an average interest rate of 4.50% and annual maturities through August 2025. Interest expenditures on this bonded debt totaled \$317,572 for the year ended August 31, 2021.

Debt service requirements are as follows:

<u>Fiscal Year</u> <u>Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,530,000	\$ 899,250	\$ 4,429,250
2023	2,765,000	717,600	3,482,600
2024	2,885,000	601,050	3,486,050
2025	2,355,000	473,600	2,828,600
2026	2,955,000	393,575	3,348,575
2027-2030	7,055,000	545,550	7,600,550
	<u>\$ 21,545,000</u>	<u>\$ 3,630,625</u>	<u>\$ 25,175,625</u>

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**10. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

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

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Property Taxes, Penalties, Interest, and Other Tax-Related Income	\$ 12,276,634	\$ 5,855,140	\$	\$ 18,131,774
Food Sales	7,312			7,312
Interest Income	129,557	31,764	684	162,005
Co-Curricular Student Activities	12,591		49,175	61,766
Rent	52,547			52,547
Other	17,795		2,025	19,820
	<u>\$ 12,496,436</u>	<u>\$ 5,886,904</u>	<u>\$ 51,884</u>	<u>\$ 18,435,224</u>

**11. GENERAL FUND FEDERAL SOURCED REVENUES**

The District recognized revenues from certain federal programs in the general fund. These programs are reimbursement type programs. Reimbursement revenues received during the year ended August 31, 2021 are as follows:

	Assistance Listing Number	Current Year Revenues
School Breakfast Program	10.553	\$ 74,021
National School Lunch Program	10.555	114,106
Texas Department of Agriculture Reimbursements	10.559	2,336
School Health & Related Services (SHARS)	N/A	6,729
General Fund - Federal Source Revenues		<u>\$ 197,192</u>

**12. DEFINED BENEFIT PENSION PLAN**

**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.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**Pension Plan Fiduciary Net Position**

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

The information provided in the Notes to the Financial Statements in the 2020 and 2019 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2020 and 2019.

<u>Net Pension Liability</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability	\$ 218,974,205,084	\$ 209,961,325,288
Less: Plan Fiduciary Net Position	(165,416,245,243)	(157,978,199,075)
Net Pension Liability	<u>\$ 53,557,959,841</u>	<u>\$ 51,983,126,213</u>
Net Position as Percentage of Total Pension Liability	75.54%	75.24%

**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 five 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 five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS's 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.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

In May 2019, the 86<sup>th</sup> 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 13<sup>th</sup> check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

**Contributions**

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

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

	Contribution Rates	
	2020	2021
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	7.50%	7.50%
Employers	7.50%	7.50%

  

2021 Employer Contributions	\$	117,933
2021 Member Contributions		284,115
2020 NECE On-Behalf Contributions		211,690

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, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

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

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

In addition to the employer contributions listed above, there are two additional surcharges 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 2.0% 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.

**Actuarial Assumptions**

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

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

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

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2018	2.33% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**Discount Rate**

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

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

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.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

\* - Target allocations are based on the FY 2020 policy model

\*\* - Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020)

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

**Discount Rate Sensitivity Analysis**

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
PISD's Proportionate Share of the Net Pension Liability	\$ 2,082,796	\$ 1,350,726	\$ 755,936

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**Pension Liabilities and Pension Expense**

At August 31, 2021, the District reported a liability of \$1,350,726 for its proportionate share of the TRS's 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	\$	1,350,726
State's Proportionate Share that is Associated with the District		<u>2,747,855</u>
Total	\$	<u><u>4,098,581</u></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 through August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.002522% which was a decrease of 0.000550% from its proportion measured as of August 31, 2019.

For the year ended August 31, 2021, the District recognized pension expense of \$330,506 and revenue of \$211,690 for support provided by the State in the Government Wide Statement of Activities.

**Changes since the Prior Actuarial Valuation**

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

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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 pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Actuarial Experience	\$ 2,466	\$ 37,695
Changes in Actuarial Assumptions	313,417	133,263
Difference Between Projected and Actual Investment Earnings	27,344	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	55,771	247,364
Contributions Paid to TRS Subsequent to the Measurement Date	<u>117,933</u>	
Total	<u><u>\$ 516,931</u></u>	<u><u>\$ 418,322</u></u>

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

	Pension (Benefit) Expense
2022	\$ 25,699
2023	17,818
2024	20,509
2025	(19,194)
2026	(52,521)
Thereafter	(11,635)

**13. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**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 that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

**OPEB Plan Fiduciary Net Position**

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020 and 2019 are as follows:

<u>Net OPEB Liability</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability	\$ 40,010,833,815	\$ 48,583,247,239
Less: Plan Fiduciary Net Position	<u>(1,996,317,932)</u>	<u>(1,292,022,349)</u>
Net OPEB Liability	<u>\$ 38,014,515,883</u>	<u>\$ 47,291,224,890</u>
 Net Position as Percentage of Total OPEB Liability	 4.99%	 2.66%

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**Benefits Provided**

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

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

The General Appropriations Act passed by the 86<sup>th</sup> Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86<sup>th</sup> Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The premium rates for retirees are presented below:

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

**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% or not more than 0.75% 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.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2020	2021
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%
2021 Employer Contributions	\$	34,743
2021 Member Contributions		23,983
2020 NECE On-Behalf Contributions		38,837

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

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.

**Actuarial Assumptions**

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

The actuarial valuation of the OPEB plan offered through the 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.

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 Incidence	

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**Additional Actuarial Methods and Assumptions:**

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

The initial medical trend rates were 9% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

**Discount Rate**

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

The source of the municipal bond rate is the Fidelity "20-year Municipal GOAA 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.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 Discount Rate (1.33%)</u>	<u>Discount Rate (2.33%)</u>	<u>1% Increase in Discount Rate (3.33%)</u>
PISD's Proportionate Share of the Net OPEB Liability	\$ 1,734,620	\$ 1,445,519	\$ 1,217,171

**Healthcare Cost Trend Rates Sensitivity Analysis**

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
PISD's Proportionate Share of the Net OPEB Liability	\$ 1,180,804	\$ 1,445,519	\$ 1,798,082

**OPEB Liabilities and OPEB Expense**

At August 31, 2021, the District reported a liability of \$2,078,025 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	\$ 1,445,519
State's Proportionate Share that is Associated with the District	<u>1,942,431</u>
Total	<u>\$ 3,387,950</u>

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

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.003803% compared to the 0.004394% as of August 31, 2019. This is a decrease of 0.000591%

For the year ended August 31, 2021, the District recognized OPEB expense of \$13,488 and revenue of \$38,837 for support provided by the State.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 since the prior measurement period:

- This discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change decreased the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50% to 4.25% 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.

There were no changes of benefit terms that affected measurement of the total OPEB liability since the prior measurement date.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 75,687	\$ 661,543
Changes in Actuarial Assumptions	89,158	396,947
Difference Between Projected and Actual Investment Earnings	470	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	223,042	330,721
Contributions Paid to TRS Subsequent to the Measurement Date	34,743	
Total	<u>\$ 423,100</u>	<u>\$ 1,389,211</u>

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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

	OPEB (Benefit) Expense
2022	\$ (155,291)
2023	(155,355)
2024	(155,391)
2025	(155,381)
2026	(116,770)
Thereafter	(262,666)

**14. RISK MANAGEMENT**

The District's risk management program includes coverage, through various third party insurance providers, to protect the District against losses related to torts, errors, and omissions, theft and damage or destruction of property, employee health, and natural disasters. For the year ended August 31, 2021, there were no significant reductions in insurance coverage from the previous year.

**15. HEALTH CARE COVERAGE**

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan through TRS Active Care. The District contributed \$374 of the employee-only premium per month and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under this plan, the District is not liable for costs incurred beyond the premiums paid.

Additionally, payments made on behalf of the District by the State for Medicare Part D fringe benefits and salaries amounted to \$16,291 and \$17,805 for the years ended August 31, 2021 and 2020.

**16. COMMITMENTS AND CONTINGENCIES**

Federal and State Funding

The District participates in numerous state and federal 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.

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**17. LITIGATION**

There is no litigation pending against the District which would have a material effect on the financial statements.

**18. EMPLOYEE DEFINED CONTRIBUTION PLAN**

The District participates in a matching annuity plan for the benefit of employees. The District matches employees' contributions to the maximum of four percent. The percentage contributed by the District is determined annually by the Board of Trustees. The District contributed \$112,308 for the year ended August 31, 2021.

**19. SUBSEQUENT EVENTS**

The District's management has evaluated subsequent events through November 29, 2021, the date which the financial statements were available for issue.

**REQUIRED SUPPLEMENTARY INFORMATION**

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1		2		3		Variance With Final Budget Favorable (Unfavorable)
	Budgeted Amounts						
	Original	Amended	Actual				
Revenues:							
5700	Local and Intermediate Sources	\$ 11,717,359	\$ 12,403,954	\$ 12,496,436	\$	92,482	
5800	State Program Revenues	477,566	818,146	534,018	\$	(284,128)	
5900	Federal Program Revenues	295,000	295,000	197,192	\$	(97,808)	
5020	Total Revenues	\$ 12,489,925	\$ 13,517,100	\$ 13,227,646	\$	(289,454)	
Expenditures:							
0011	Instruction	\$ 3,096,058	\$ 3,110,733	\$ 3,034,356	\$	76,377	
0012	Instructional Resources and Media Services	37,377	43,377	40,721	\$	2,656	
0013	Curriculum and Instructional Staff Development	33,514	34,279	30,166	\$	4,113	
0021	Instructional Leadership	11,794	5,794	350	\$	5,444	
0023	School Leadership	305,673	316,133	313,790	\$	2,343	
0031	Guidance, Counseling, and Evaluation Services	126,064	146,064	142,838	\$	3,226	
0033	Health Services	80,963	83,463	82,570	\$	893	
0034	Student Transportation	204,329	154,329	132,344	\$	21,985	
0035	Food Services	352,776	353,776	325,363	\$	28,413	
0036	Extracurricular Activities	543,295	741,395	632,417	\$	108,978	
0041	General Administration	377,054	373,154	360,041	\$	13,113	
0051	Plant Maintenance and Operations	780,348	809,348	795,075	\$	14,273	
0052	Security and Monitoring Services	8,600	8,600	5,827	\$	2,773	
0053	Data Processing Services	221,357	221,357	224,170	\$	(2,813)	
0061	Community Services	2,000	2,000	975	\$	1,025	
0091	Contracted Instructional Services Between Schools	6,036,723	6,824,303	6,824,303	\$	0	
0093	Payments to Fiscal Agents/Member Districts	130,000	118,000	112,977	\$	5,023	
0099	Other Intergovernmental Charges	142,000	148,000	146,932	\$	1,068	
6030	Total Expenditures	\$ 12,489,925	\$ 13,494,105	\$ 13,205,215	\$	288,890	
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 22,995	\$ 22,431	\$	(564)	
1200	Net Change in Fund Balance	\$ 0	\$ 22,995	\$ 22,431	\$	(564)	
0100	September 1 - Fund Balance	9,450,654	9,450,654	9,450,654	\$	0	
3000	August 31 - Fund Balance	\$ 9,450,654	\$ 9,473,649	\$ 9,473,085	\$	(564)	

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM FOR THE YEARS ENDED AUGUST 31

	2021 Plan Year 2020	2020 Plan Year 2019	2019 Plan Year 2018	2018 Plan Year 2017	2017 Plan Year 2016	2016 Plan Year 2015	2015 Plan Year 2014
District's Proportion of the Net Pension Liability	0.002522%	0.003072%	0.003134%	0.003111%	0.003260%	0.003544%	0.002069%
District's Proportionate Share of Net Pension Liability	\$ 1,350,726	\$ 1,596,971	\$ 1,725,184	\$ 994,580	\$ 1,232,019	\$ 1,252,828	\$ 552,632
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>2,747,855</u>	<u>2,522,937</u>	<u>2,932,244</u>	<u>1,724,799</u>	<u>2,321,190</u>	<u>2,604,680</u>	<u>2,345,511</u>
Total	<u>\$ 4,098,581</u>	<u>\$ 4,119,908</u>	<u>\$ 4,657,428</u>	<u>\$ 2,719,379</u>	<u>\$ 3,553,209</u>	<u>\$ 3,857,508</u>	<u>\$ 2,898,143</u>
District's Covered Payroll	\$ 3,623,300	\$ 3,433,754	\$ 3,603,668	\$ 4,068,307	\$ 3,736,344	\$ 3,904,984	\$ 3,988,500
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	37.28%	46.51%	47.87%	24.45%	32.97%	32.08%	13.86%
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: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2021 are for the measurement date of August 31, 2020.

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

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR PENSIONS  
TEACHERS RETIREMENT SYSTEM  
FOR THE YEARS ENDED AUGUST 31

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 117,933	\$ 99,318	\$ 95,351	\$ 101,907	\$ 118,971	\$ 104,944	\$ 52,451
Contribution in Relation to the Contractually Required Contribution	<u>(117,933)</u>	<u>(99,318)</u>	<u>(95,351)</u>	<u>(101,907)</u>	<u>(118,971)</u>	<u>(104,944)</u>	<u>(52,451)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 3,689,795	\$ 3,623,300	\$ 3,433,754	\$ 3,603,668	\$ 4,068,307	\$ 3,736,344	\$ 3,884,433
Contributions as a Percentage of Covered Payroll	3.20%	2.74%	2.78%	2.83%	2.92%	2.81%	1.35%

Note: The information on this schedule is presented as of the District's respective fiscal years.

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

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TEACHERS RETIREMENT SYSTEM FOR THE YEARS ENDED AUGUST 31

	2021 <u>Plan Year 2020</u>	2020 <u>Plan Year 2019</u>	2019 <u>Plan Year 2018</u>	2018 <u>Plan Year 2017</u>
District's Proportion of the Net OPEB Liability	0.003803%	0.004394%	0.004166%	0.003893%
District's Proportionate Share of Net OPEB Liability	\$ 1,445,519	\$ 2,078,025	\$ 2,080,307	\$ 1,692,773
State's Proportionate Share of the Net OPEB Liability Associated with the District	<u>1,942,431</u>	<u>2,761,233</u>	<u>3,142,459</u>	<u>2,779,696</u>
Total	<u>\$ 3,387,950</u>	<u>\$ 4,839,258</u>	<u>\$ 5,222,766</u>	<u>\$ 4,472,469</u>
District's Covered Payroll	\$ 3,623,300	\$ 3,433,754	\$ 3,603,668	\$ 3,461,444
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.90%	60.52%	57.73%	48.90%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: The information on this schedule is presented as of the measurement date of the plan (August 31, 20XX). Therefore, amounts reported for FY 2021 are for the measurement date of August 31, 2020.

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

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR OTHER POST-EMPLOYMENT BENEFITS  
TEACHERS RETIREMENT SYSTEM  
FOR THE YEARS ENDED AUGUST 31

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 34,743	\$ 28,020	\$ 26,603	\$ 28,021
Contribution in Relation to the Contractually Required Contribution	<u>(34,743)</u>	<u>(28,020)</u>	<u>(26,603)</u>	<u>(28,021)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 3,689,795	\$ 3,623,300	\$ 3,433,754	\$ 3,603,668
Contributions as a Percentage of Covered Payroll	0.94%	0.77%	0.77%	0.78%

Note: The information on this schedule is presented as of the District's respective fiscal years.

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

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**A. NOTES TO SCHEDULES FOR THE TRS PENSION**

*Changes of Benefit Terms*

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

*Changes of Assumptions*

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

**B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN**

*Changes of Benefit Terms*

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

*Changes of Assumptions*

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- This discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change decreased the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50% to 4.25% 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.

**OTHER SUPPLEMENTARY INFORMATION**

**EXHIBITS H-1 THROUGH J-4**

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit H-1

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2021

Special Revenue Funds

	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	270 ESEA VI, Pt B Rural and Low Income	282 American Recovery Plan ESSER III	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
<b>ASSETS:</b>							
Cash and Temporary Investments	\$	\$	\$	\$	\$	\$	\$
Due from Other Governments	27,782	10,580	37,002	29,592	350	53,464	104,956
<b>Total Assets</b>	<b>\$ 27,782</b>	<b>\$ 10,580</b>	<b>\$ 37,002</b>	<b>\$ 29,592</b>	<b>\$ 350</b>	<b>\$ 53,464</b>	<b>\$ 158,770</b>
<b>LIABILITIES:</b>							
Accounts Payable	\$ 14,788	\$	\$ 37,002	\$	\$	\$	\$ 51,790
Accrued Wages Payable	4,447	3,120		12,446	350		20,363
Due to Other Funds	8,052	7,112		15,762			30,926
Accrued Expenditures	495	348		1,384			2,227
<b>Total Liabilities</b>	<b>\$ 27,782</b>	<b>\$ 10,580</b>	<b>\$ 37,002</b>	<b>\$ 29,592</b>	<b>\$ 350</b>	<b>\$ 0</b>	<b>\$ 105,306</b>
<b>FUND BALANCES:</b>							
Assigned - Campus Activity Funds	\$	\$	\$	\$	\$	\$ 53,464	\$ 53,464
<b>Total Fund Balances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 53,464</b>	<b>\$ 53,464</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 27,782</b>	<b>\$ 10,580</b>	<b>\$ 37,002</b>	<b>\$ 29,592</b>	<b>\$ 350</b>	<b>\$ 53,464</b>	<b>\$ 158,770</b>

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit H-2  
(Continued)

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

	Special Revenue Funds						
	211	212	244	255	266	270	276
	ESEA I, A Improving Basic Education	ESEA Title I Part C Migrant	Career and Technical - Basic Grant	ESEA II, A Training & Recruiting	CARES Act ESSER Formula Grant	ESEA VI, Pt B Rural and Low Income	Title I - SIP Academy Grant
REVENUES:							
Local and Intermediate Sources	\$	\$	\$	\$	\$	\$	\$
State Program Revenues							
Federal Program Revenues	92,525	50,238	948	5,810	2,120	47,406	10,525
Total Revenues	\$ 92,525	\$ 50,238	\$ 948	\$ 5,810	\$ 2,120	\$ 47,406	\$ 10,525
EXPENDITURES:							
Instruction	\$ 44,322	\$ 50,238	\$ 948	\$ 2,810	\$ 2,120	\$ 47,406	\$ 10,525
Instructional Resources and Media Services							
Curriculum and Staff Development	44,689						
School Leadership				3,000			
Extracurricular Activities							
General Administration	3,514						
Total Expenditures	\$ 92,525	\$ 50,238	\$ 948	\$ 5,810	\$ 2,120	\$ 47,406	\$ 10,525
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance - September 1 (Beginning)	0	0	0	0	0	0	0
Fund Balance - August 31 (Ending)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit H-2  
(Concluded)

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

	Special Revenue Funds						Total Nonmajor Governmental Funds
	277	282	289	410	429	461	
	Coronavirus Relief Fund CARES	American Recovery Plan ESSER III	Other Federal Special Revenue Funds	State Instructional Materials	Other State Special Revenue Funds	Campus Activity Funds	
<b>REVENUES:</b>							
Local and Intermediate Sources	\$	\$	\$	\$	\$	\$ 51,884	\$ 51,884
State Program Revenues				1,460	350		1,810
Federal Program Revenues	32,654	29,592	2,390				274,208
<b>Total Revenues</b>	<b>\$ 32,654</b>	<b>\$ 29,592</b>	<b>\$ 2,390</b>	<b>\$ 1,460</b>	<b>\$ 350</b>	<b>\$ 51,884</b>	<b>\$ 327,902</b>
<b>EXPENDITURES:</b>							
Instruction	\$ 32,654	\$ 29,592	\$ 2,390	\$ 1,460	\$ 350	\$	\$ 224,815
Instructional Resources and Media Services						5,951	5,951
Curriculum and Staff Development							44,689
School Leadership						8,191	11,191
Extracurricular Activities						33,159	33,159
General Administration						5,579	9,093
<b>Total Expenditures</b>	<b>\$ 32,654</b>	<b>\$ 29,592</b>	<b>\$ 2,390</b>	<b>\$ 1,460</b>	<b>\$ 350</b>	<b>\$ 52,880</b>	<b>\$ 328,898</b>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (996)	\$ (996)
Fund Balance - September 1 (Beginning)	0	0	0	0	0	54,460	54,460
Fund Balance - August 31 (Ending)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 53,464</u>	<u>\$ 53,464</u>

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit J-1

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2021

Last Ten Years Ended August 31	1		3 Assessed/ Appraised Value for School Tax Purposes	10 Beginning Balance 9/1/2020	20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2021
	Tax Rates								
	Maintenance	Debt Service							
2012 and Prior Years	Various	Various	\$ Various	\$ 29,472	\$	\$ 2,045	\$ 149	\$ (696)	\$ 26,582
2013	0.97790	0.31000	1,250,644,926	6,457		573	182	(13)	5,689
2014	0.97790	0.31000	1,124,971,038	7,718		519	165	(104)	6,930
2015	0.97790	0.31000	1,139,513,935	13,445		1,395	442	(8)	11,600
2016	0.97790	0.31000	746,993,316	11,564		961	305		10,298
2017	1.04000	0.74610	525,233,863	22,162		4,496	3,226	(12)	14,428
2018	1.00030	0.56230	666,439,741	23,688		3,310	1,860	(250)	18,268
2019	1.04000	0.46080	792,383,180	42,833		19,147	8,483	11,522	26,725
2020	0.97000	0.46080	1,241,225,893	277,846		118,112	56,110	(635)	102,989
2021 (School Year Under Audit)	0.96640	0.46080	1,267,115,777		18,084,276	12,063,076	5,751,930	(65,022)	204,248
1000	TOTALS			\$ 435,185	\$ 18,084,276	\$ 12,213,634	\$ 5,822,852	\$ (55,218)	\$ 427,757

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)	
	Original	Amended	Actual		
Revenues:					
5700	Local and Intermediate Sources	\$ 5,667,660	\$ 5,667,660	\$ 5,886,904	\$ 219,244
5800	State Program Revenues	<u>11,000</u>	<u>11,000</u>	<u>15,641</u>	<u>4,641</u>
5020	Total Revenues	<u>\$ 5,678,660</u>	<u>\$ 5,678,660</u>	<u>\$ 5,902,545</u>	<u>\$ 223,885</u>
Expenditures:					
0071	Principal on Long-Term Debt	\$ 4,730,905	\$ 4,465,000	\$ 4,465,000	\$ 0
0072	Interest on Long-Term Debt	996,300	1,257,992	1,168,276	89,716
0073	Issuance Cost and Fees	<u>3,000</u>	<u>7,213</u>	<u>7,213</u>	<u>-</u>
6030	Total Expenditures	<u>\$ 5,730,205</u>	<u>\$ 5,730,205</u>	<u>\$ 5,640,489</u>	<u>\$ 89,716</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (51,545)</u>	<u>\$ (51,545)</u>	<u>\$ 262,056</u>	<u>\$ 313,601</u>
1200	Net Change in Fund Balance	\$ (51,545)	\$ (51,545)	\$ 262,056	\$ 313,601
0100	September 1 - Fund Balance	<u>2,785,764</u>	<u>2,785,764</u>	<u>2,785,764</u>	<u>0</u>
3000	August 31 - Fund Balance	<u>\$ 2,734,219</u>	<u>\$ 2,734,219</u>	<u>\$ 3,047,820</u>	<u>\$ 313,601</u>

PLAINS INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

STATE COMPENSATORY EDUCATION AND BILINGUAL  
EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 2021

**Section A: Compensatory Education Programs**

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AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 450,117
AP 4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 503,301

**Section B: Bilingual Education Programs**

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AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 40,989
AP 8	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 25, 35)	\$ 46,699

**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**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**

**Independent Auditor's Report**

Board of School Trustees  
Plains Independent School District  
Plains, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plains Independent School District (the District) as of and for the year ended August 31, 2021, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Plains 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 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 over financial reporting that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Plains Independent School District's financial statements are free of 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.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

November 29, 2021

**PLAINS INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**Current Year Findings –**

None

**Prior Year Findings –**

None