

**VAN VLECK  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

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



**8 WEST WAY COURT  
LAKE JACKSON, TEXAS 77566**

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# VAN VLECK INDEPENDENT SCHOOL DISTRICT

## Annual Financial Report For the Year Ended August 31, 2021

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**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*Annual Financial Report  
For the Year Ended August 31, 2021*

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## **INTRODUCTORY SECTION**

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**CERTIFICATE OF BOARD**

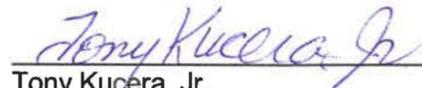
Van Vleck Independent School District  
Name of School District

Matagorda  
County

158-906  
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 10th day of January 2022.

  
\_\_\_\_\_  
Terry Evans  
Signature of Board Secretary

  
\_\_\_\_\_  
Tony Kuçera, Jr.  
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 if necessary):

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

To the Board of Trustees  
Van Vleck Independent School District  
Van Vleck, Texas 77482

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Lake Jackson**  
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Lake Jackson, TX 77566  
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Angleton, TX 77515  
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**Bay City**  
2245 Avenue G  
Bay City, TX 77414  
979-245-9236



### ***Opinions***

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

### ***Other Matters***

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, required pension schedules and required OPEB schedules on pages 15 through 25 and pages 77 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

*Other Information - Continued*

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***KM&L, LLC***

Lake Jackson, Texas  
January 7, 2022

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**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
AUGUST 31, 2021

As management of the Van Vleck Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by \$ 15,761,393 (*net position*). Of this amount, \$ 6,909,240 (unrestricted net position) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 17,734,678. Approximately 28.21% of this total amount, \$ 5,003,682, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 5,003,682, or 37.37% of the total general fund expenditures.
- The District reported net pension liability of \$ 3,492,421 and a net OPEB liability of \$ 3,402,937, at August 31, 2021, with the implementation of GASB Statements 68, 71, and 75. With the addition of these non-current liabilities on an accrual basis, the District reported an unrestricted net position in the amount of \$ 6,909,240.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* for which it is financially accountable. The government-wide financial statements can be found on pages 27 through 28 of this report.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
AUGUST 31, 2021

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains twenty-five (25) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other twenty-two (22) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, national school breakfast and lunch program, and debt service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 30 through 33 of this report.
- **Proprietary funds.** The District maintains no proprietary funds.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on pages 34 through 35. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2021**

**Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 through 73 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 77 through 83 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 86 through 93 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 15,761,393 as of August 31, 2021. Net position of the District's governmental activities increased by \$ 2,193,467, from \$ 13,567,926 to \$ 15,761,393.

**The District's Net Position**

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 19,976,867	\$ 28,039,063
Capital assets	<u>86,777,643</u>	<u>74,833,543</u>
Total assets	<u>106,754,510</u>	<u>102,872,606</u>
Deferred outflows of resources	<u>2,311,079</u>	<u>2,686,589</u>
Total deferred outflows of resources	<u>2,311,079</u>	<u>2,686,589</u>
Long-term liabilities outstanding	88,428,988	82,724,700
Other liabilities	<u>1,867,688</u>	<u>6,897,441</u>
Total liabilities	<u>90,296,676</u>	<u>89,622,141</u>
Deferred inflows of resources	<u>3,007,520</u>	<u>2,369,128</u>
Total deferred inflows of resources	<u>3,007,520</u>	<u>2,369,128</u>
Net Position:		
Net investment in capital assets	8,694,791	7,602,081
Restricted	157,362	163,454
Unrestricted	<u>6,909,240</u>	<u>5,802,391</u>
Total net position	<u>\$ 15,761,393</u>	<u>\$ 13,567,926</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2021**

Investment in capital assets (e.g., land, buildings and improvements, furniture, equipment and vehicles, and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$ 8,694,791. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$ 157,362 represents resources that are subject to external restrictions on how they may be used. The remaining balance is \$ 6,909,240, which represents unrestricted net position.

**Governmental activities.** The District's total net position increased \$ 2,193,467. The total cost of all *governmental activities* this year was \$ 21,087,017. The amount that our taxpayers paid for these activities through property taxes was \$ 11,939,728 or 56.62%.

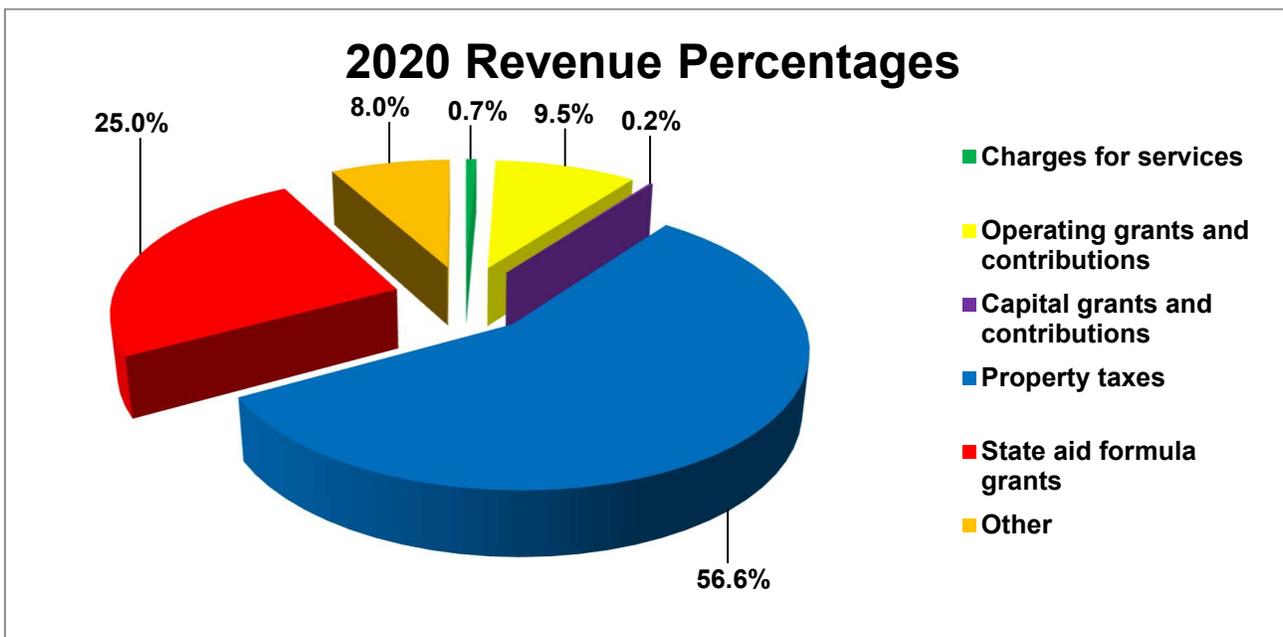
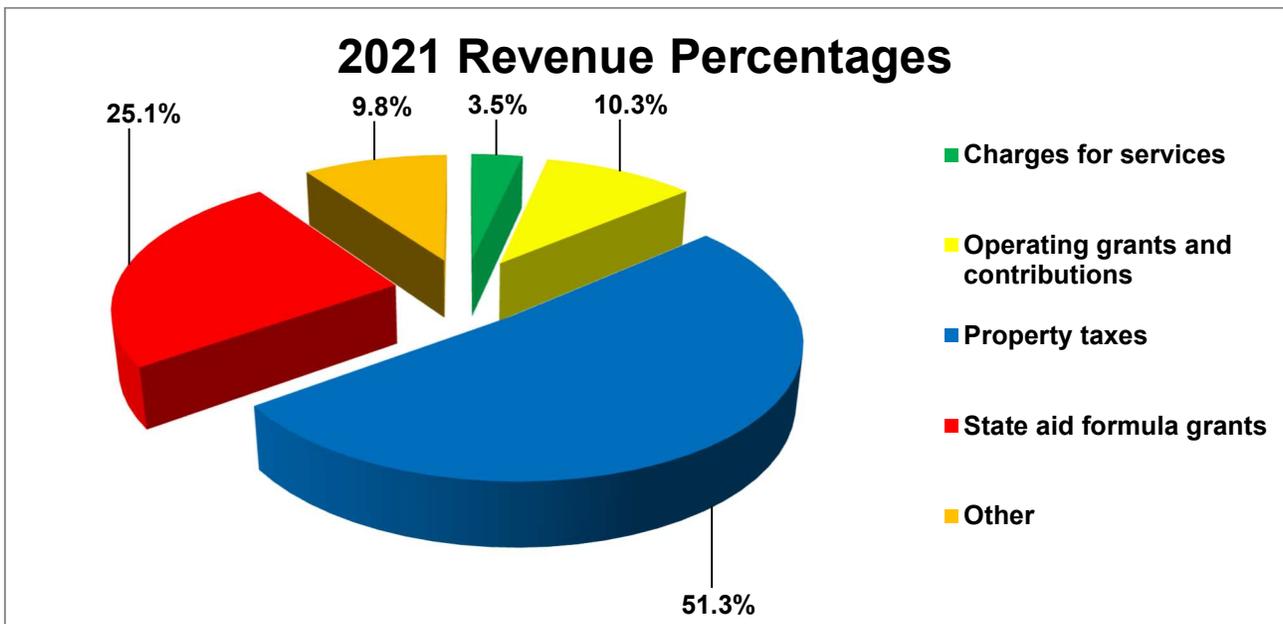
**Changes in the District's Net Position**

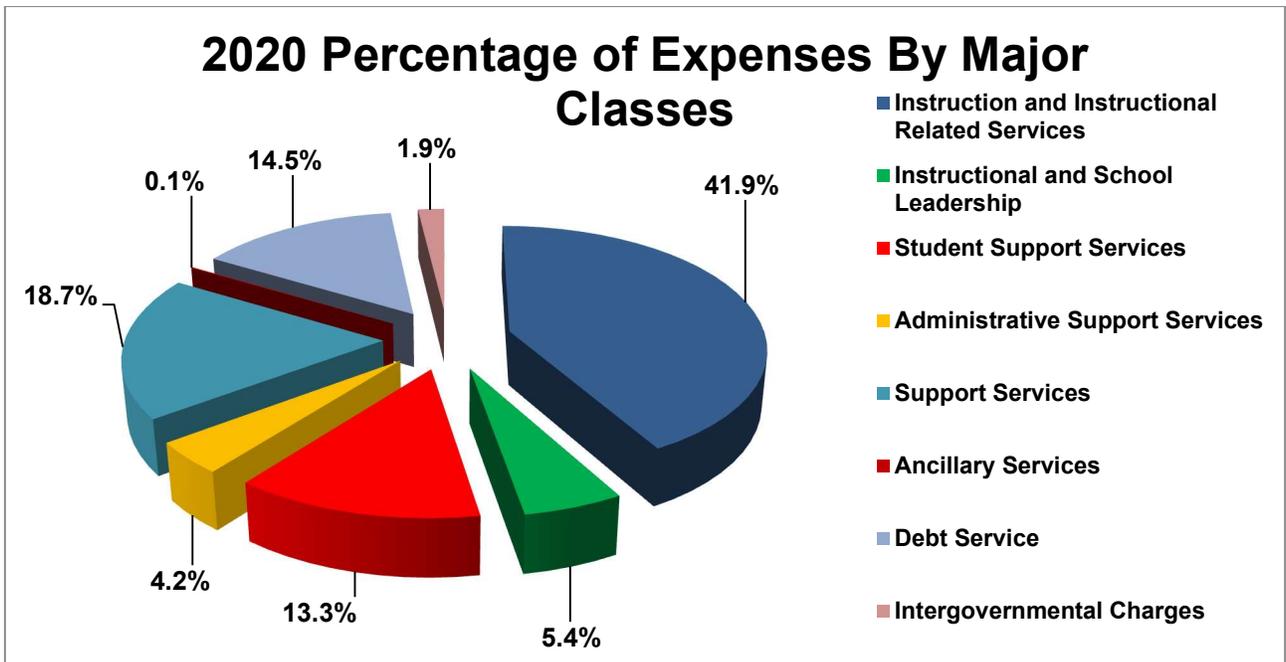
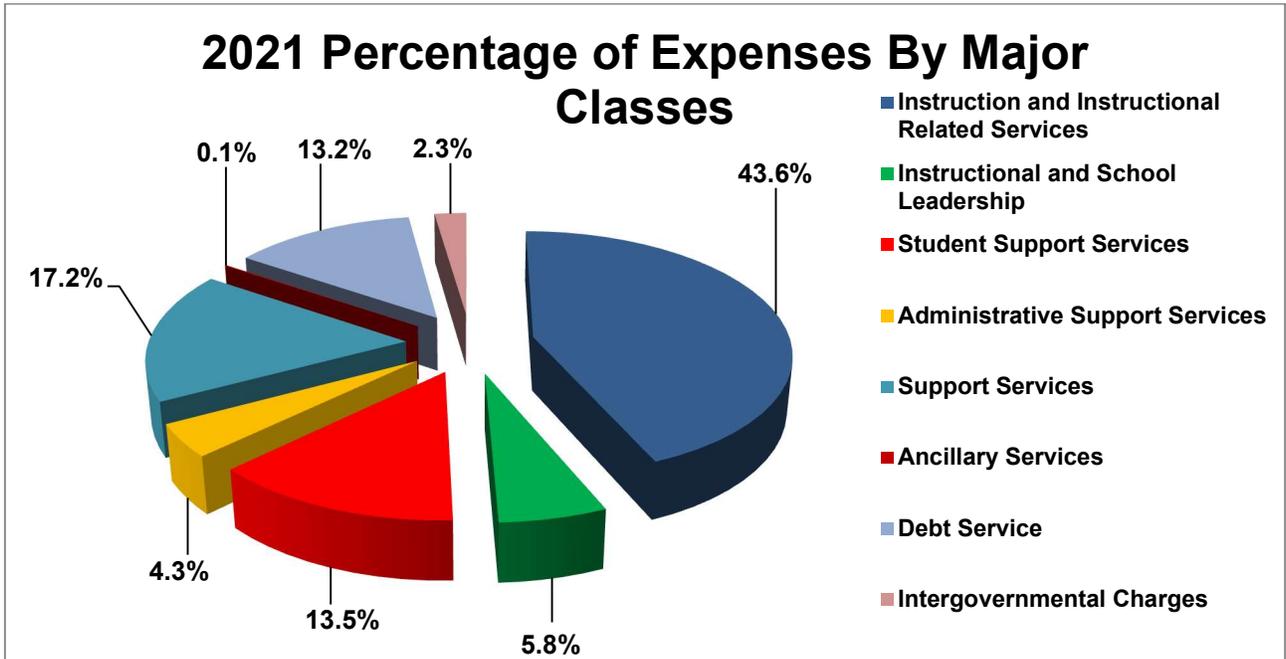
	<u>2021</u>	<u>2020</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 810,579	\$ 121,088
Operating grants and contributions	2,400,094	1,737,655
Capital grants and contributions		41,595
General Revenues:		
Property taxes	11,939,728	10,359,848
State aid formula grants	5,849,752	4,565,763
Other	<u>2,280,331</u>	<u>1,471,903</u>
Total revenues	<u>23,280,484</u>	<u>18,297,852</u>
Expenses:		
Instruction	9,064,899	7,763,145
Instructional resources and media services	118,256	111,739
Curriculum and instructional staff development	32,104	50,497
Instructional leadership	335,355	167,547
School leadership	896,975	847,308
Guidance, counseling and evaluation services	334,787	328,331
Social work services	19,903	15,000
Health services	233,033	171,929
Student transportation	521,941	315,809
Food services	826,395	793,757
Cocurricular/extracurricular activities	922,203	911,074
General administration	897,546	798,944
Plant maintenance and operations	2,937,868	2,963,185
Security and monitoring services	202,911	193,892
Data processing services	473,125	387,532
Community services	1,030	1,456
Interest and fiscal charges	2,778,961	2,730,712

(continued)

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2021**

	<u>2021</u>	<u>2020</u>
Payments related to shared services arrangements	\$ 362,598	\$ 240,005
Other governmental charges	<u>127,127</u>	<u>112,090</u>
Total expenses	<u>21,087,017</u>	<u>18,903,952</u>
Change in net position	2,193,467	( 606,100)
Net position - beginning	<u>13,567,926</u>	<u>14,174,026</u>
Net position - ending	<u>\$ 15,761,393</u>	<u>\$ 13,567,926</u>





**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
AUGUST 31, 2021

**Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 17,734,678, a decrease of \$ 3,100,914. Approximately 28.21% of this total amount, \$ 5,003,682, constitutes *unassigned fund balance*. The remainder of fund balance is *nonspendable, restricted, committed* or *assigned* to indicate that it is not available for new spending because it has already been classified 1) for inventories \$ 19,665, 2) for prepaid items \$ 500,584, 3) for grants funds \$ 713, 4) for capital acquisitions and contractual obligations \$ 3,450,778, 5) for debt service \$ 127,082, 6) other restricted \$ 35,364, and 7) other committed \$ 8,596,810.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 5,003,682, while the total fund balance was \$ 14,054,266. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 37.37% of the total general fund expenditures, while total fund balance represents 104.95% of that same amount.

The fund balance of the District's general fund increased \$ 1,327,443 during the current fiscal year. Key factors related to this change are as follows:

- The District is in a Chapter 313 agreement with Maverick Tube Corporation/Tenaris and received a revenue loss payment of \$ 654,444 and a supplemental payment of \$ 101,370 from the entity.
- The District received an insurance recovery payment from hail damage in the amount of \$ 1,167,911

The debt service fund has a total fund balance of \$ 127,082, all of which is restricted for debt service. The net decrease in fund balance during the period in the debt service fund was \$ 26,920. Following are factors contributing to this change:

- The tax rate for I&S was \$ 0.28204 with a 99% projected collection rate. The tax collections exceed the expected collection rate.
- In addition to current year property tax revenue, penalties and interest were collected on delinquent payments of \$ 23,999.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2021**

The capital projects fund has a total fund balance of \$ 3,450,778, all of which is restricted for the acquisition of capital contractual obligations. The net decrease in fund balance during the period in the capital projects fund was \$ 4,387,969. Following are factors contributing to this change:

- Renovations to the auditorium and gymnasium were completed.
- Construction of the new elementary school was completed.
- Construction of the new high school, middle school and renovations to the agriculture building were completed.

**General Fund Budgetary Highlights**

The District made the following amendments to budgeted revenue.

- Budget insurance recovery revenue for reimbursement for hail damage claims.
- Budget revenue protection payments for Chapter 313 agreement.

Following is a summary of amendments made to appropriations:

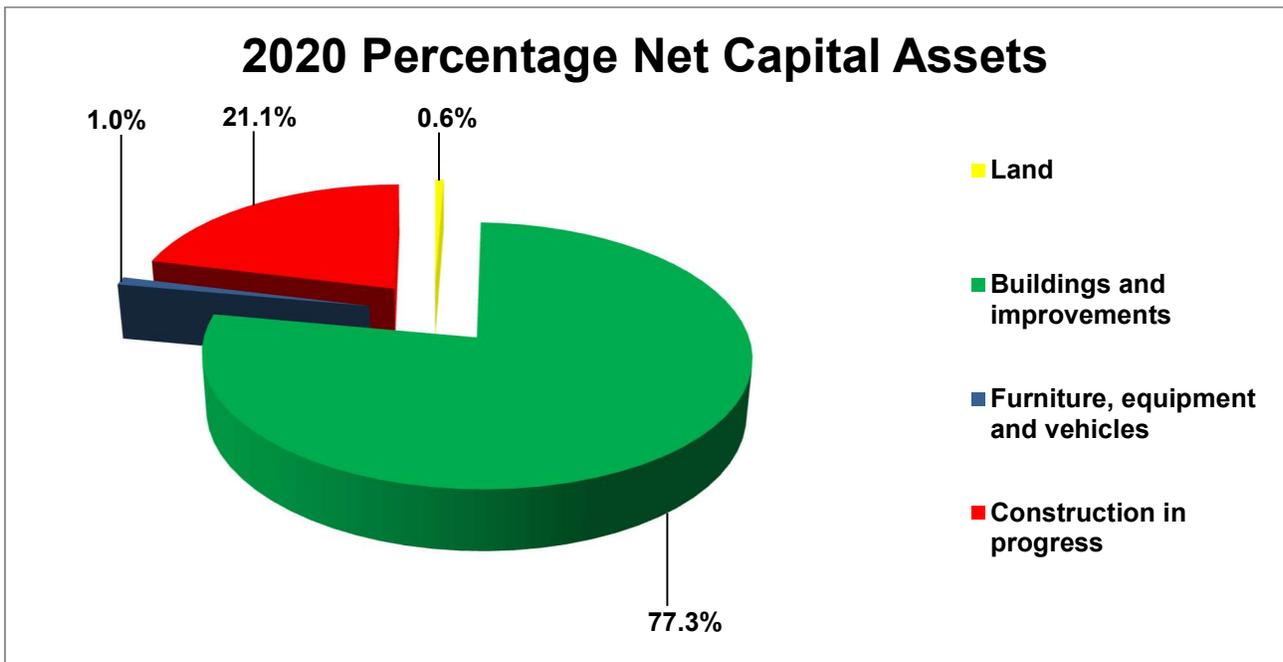
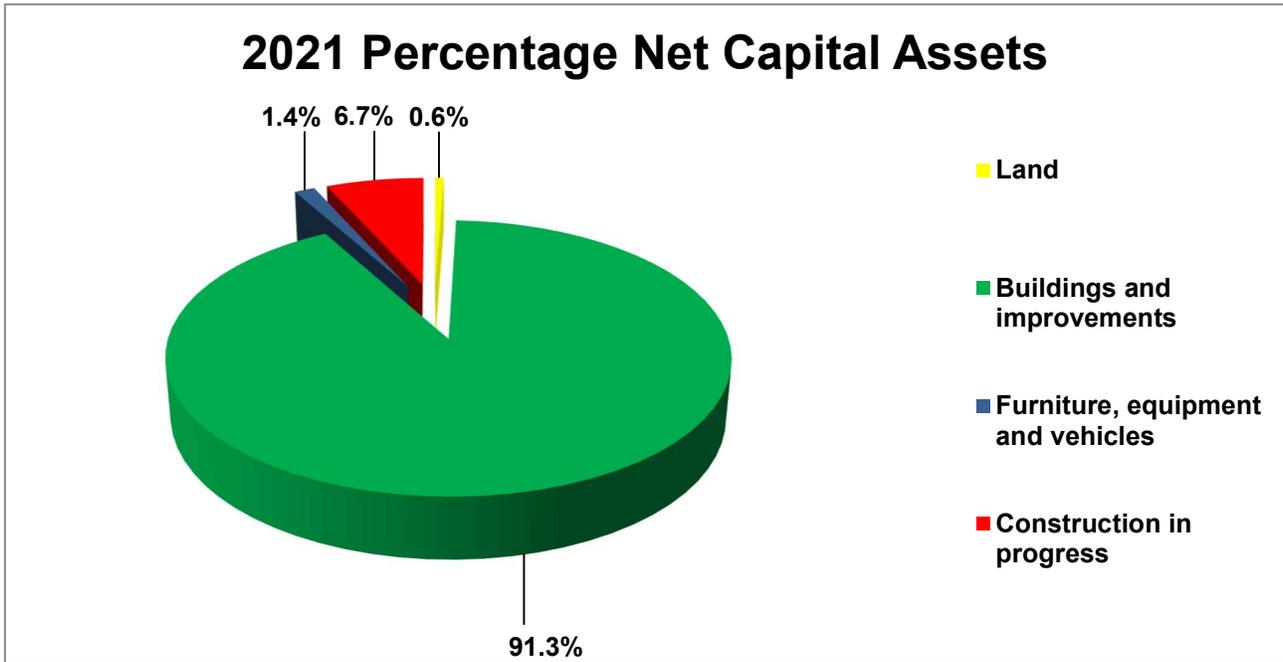
- Budget MAC/SHARs contracted services
- Budget for freeze damage expenditures/claims.
- Budget transfer of funds to the National School Lunch and Breakfast Program from the General Fund.

**Capital assets.** The District's investments in capital assets for its governmental activities as of August 31, 2021 amounts to \$ 86,777,643 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, equipment and vehicles, and construction in progress.

**District's Net Capital Assets**

	<u>2021</u>	<u>2020</u>
Land	\$ 461,898	\$ 461,898
Buildings and improvements	79,233,508	57,828,150
Furniture, equipment and vehicles	1,244,053	779,723
Construction in progress	<u>5,838,184</u>	<u>15,763,772</u>
Total at historical cost	<u>\$ 86,777,643</u>	<u>\$ 74,833,543</u>

Additional information on the District's capital assets can be found in Note 5 on pages 55 through 56 of this report.

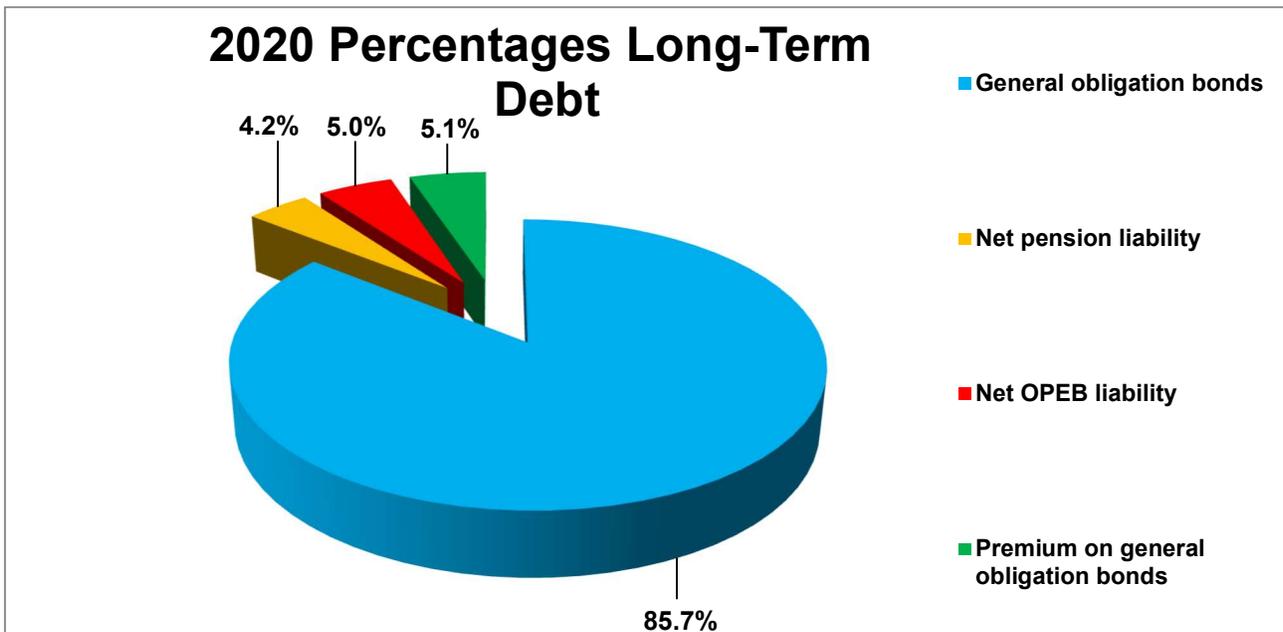
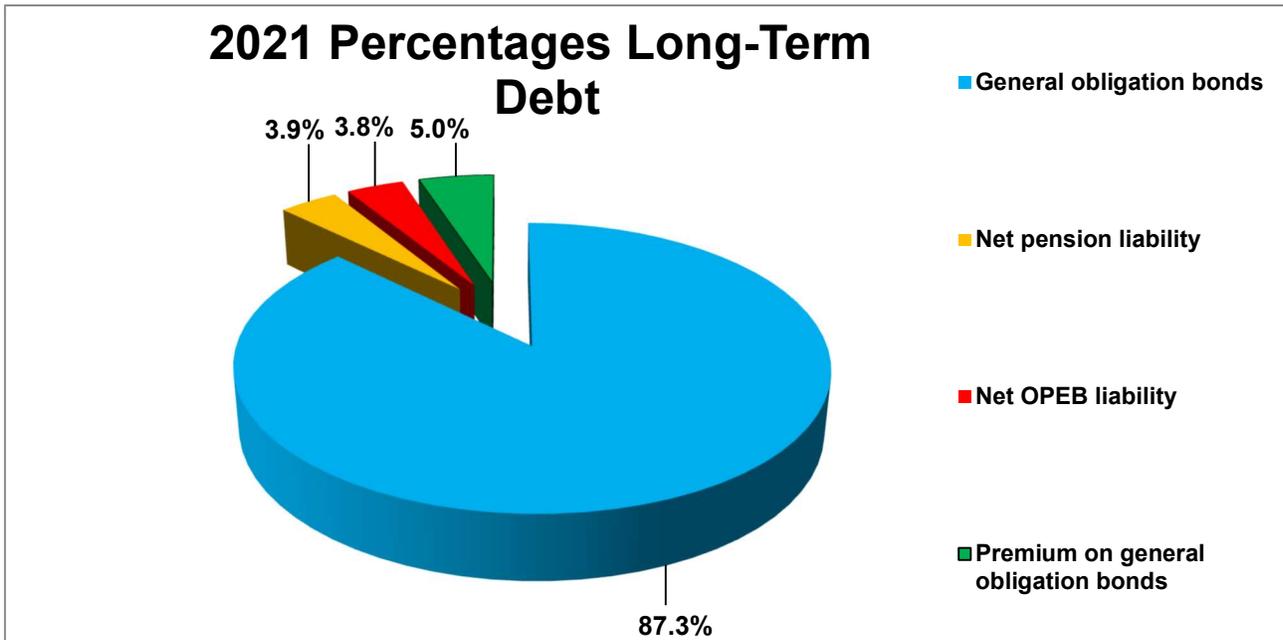


**Long-term debt.** At August 31, 2021, the District had total long-term debt outstanding of \$ 88,428,988. Long-term debt is made of general obligation bonds of \$ 77,075,000, net pension liability of \$ 3,492,421, net OPEB liability of \$ 3,402,937, and premium on general obligation bonds of \$ 4,458,630.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2021**

**District's Long-Term Debt:**

	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 77,075,000	\$ 70,830,000
Net pension liability	3,492,421	3,494,304
Net OPEB liability	3,402,937	4,160,187
Premium on general obligation bonds	<u>4,458,630</u>	<u>4,240,209</u>
 Total long-term debt	 <u>\$ 88,428,988</u>	 <u>\$ 82,724,700</u>



**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*AUGUST 31, 2021*

S&P's AAA rating on the District's bonded indebtedness is provided by a guarantee of the Texas Permanent School Fund for timely payment of principal and interest in the event the District is unable to meet debt service requirements. S&P's AAA underlying rating is representative of the District's sizable but highly concentrated tax base, low debt levels, and modest financial reserves.

Additional information on the District's long-term debt can be found in Notes 6 on pages 57 through 58 of this report.

**Economic Factors and Next Year's Budgets and Rates**

Factors affecting the 2022 Budget were as follows:

- The 2021 M&O Certified Taxable Value is \$ 743,059,938. The District's M&O budget is based on an M&O tax rate of \$ 0.872000.
- The 2021 I&S Certified Taxable Value is \$ 2,076,552,288 and an I&S tax rate of \$ 0.297560.
- The total tax rate is \$ 1.169560.
- The impact of the COVID pandemic continues
- The District passed a voter election for an \$ 88,200,000 bond package in November 2017. As of August 31, 2021, all bonds were issued. The new Elementary School, new Junior High School, new High School, renovations to the Agriculture Building, renovations to Football Stadium and Track, and renovations to the Auditorium and Gymnasium were complete.
- The District is in the 7<sup>th</sup> year of the tax limitation period of the Chapter 313 School Value Limitation Agreement with Tenaris USA.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Superintendent, 142 S. Fourth Street, Van Vleck, TX 77482 or call 979-245-8518.

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**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2021**

Exhibit A-1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	<b>ASSETS:</b>	
1110	Cash and cash equivalents	\$ 18,407,632
1120	Current investments	14,423
1220	Property taxes receivables	1,145,888
1230	Allowance for uncollectible taxes	( 611,774 )
1240	Due from other governments	500,449
1300	Inventories	19,665
1410	Prepaid items	500,584
	Capital Assets:	
1510	Land	461,898
1520	Building and improvements, net	79,233,508
1530	Furniture, equipment and vehicles, net	1,244,053
1580	Construction in progress	<u>5,838,184</u>
1000	Total assets	<u>106,754,510</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1700	Deferred outflows	<u>2,311,079</u>
	Total deferred outflows of resources	<u>2,311,079</u>
	<b>LIABILITIES:</b>	
2110	Accounts payable	777,819
2140	Accrued interest payable	118,296
2160	Accrued wages payable	784,040
2300	Unearned revenue	187,533
	Noncurrent Liabilities:	
2501	Due within one year	3,604,348
	Due in more than one year:	
2502	Bonds payable and other	77,929,282
2540	Net pension liability	3,492,421
2545	Net OPEB liability	<u>3,402,937</u>
2000	Total liabilities	<u>90,296,676</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>	
2600	Deferred inflows	<u>3,007,520</u>
	Total deferred inflows of resources	<u>3,007,520</u>
	<b>NET POSITION:</b>	
3200	Net investment in capital assets	8,694,791
	Restricted For:	
3820	Federal and state programs	20,378
3850	Debt service	54,810
3870	Campus activities	46,810
3890	Other	35,364
3900	Unrestricted	<u>6,909,240</u>
3000	Total net position	<u>\$ 15,761,393</u>

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

Exhibit B-1

Data Control Codes	Functions/Programs	Program Revenues			Net Expense and Changes in Net Position
		3 Expenses	4 Charges for Services	5 Operating Grants and Contributions	
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 9,064,899	\$ 491,600	\$ 1,262,799	\$( 7,310,500 )
12	Instructional resources and media services	118,256		5,156	( 113,100 )
13	Curriculum and instructional staff development	32,104	1,669	4,065	( 26,370 )
21	Instructional leadership	335,355	161,797	13,778	( 159,780 )
23	School leadership	896,975	53	44,647	( 852,275 )
31	Guidance, counseling, and evaluation services	334,787		17,827	( 316,960 )
32	Social work service	19,903			( 19,903 )
33	Health services	233,033		25,051	( 207,982 )
34	Student transportation	521,941	116	25,557	( 496,268 )
35	Food services	826,395	101,894	689,046	( 35,455 )
36	Extracurricular activities	922,203	32,989	39,923	( 849,291 )
41	General administration	897,546	6,304	38,669	( 852,573 )
51	Facilities maintenance and operations	2,937,868	14,157	106,051	( 2,817,660 )
52	Security and monitoring services	202,911		45,180	( 157,731 )
53	Data processing services	473,125		69,592	( 403,533 )
61	Community services	1,030			( 1,030 )
71	Interest and fiscal charges	2,778,961			( 2,778,961 )
93	Payments related to shared service arrangements	362,598		12,753	( 349,845 )
99	Other intergovernmental charges	127,127			( 127,127 )
TG	Total governmental activities	<u>\$ 21,087,017</u>	<u>\$ 810,579</u>	<u>\$ 2,400,094</u>	<u>\$( 17,876,344 )</u>
	General Revenues:				
	Taxes:				
MT	Property taxes, levied for general purposes				\$ 6,038,055
DT	Property taxes, levied for debt service				5,901,673
SF	State aid-formula grants				5,849,752
GC	Grants and contributions not restricted to specific programs				123,654
IE	Investment earnings				37,062
MI	Miscellaneous				<u>2,119,615</u>
TR	Total general revenues				<u>20,069,811</u>
CN	Change in net position				2,193,467
NB	Net position - beginning				<u>13,567,926</u>
NE	Net position - ending				<u>\$ 15,761,393</u>

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

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**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2021**

Exhibit C-1

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>						
1110	Cash and cash equivalents	\$ 13,913,919	\$ 44,536	\$ 4,056,550	\$ 392,627	\$ 18,407,632
1120	Current investments				14,423	14,423
1220	Delinquent property taxes receivable	1,017,960	127,928			1,145,888
1230	Allowance for uncollectible taxes (credit)	( 537,331 )	( 74,443 )			( 611,774 )
1240	Receivables from other governments	315,468			184,981	500,449
1260	Due from other funds	231,981	75,500			307,481
1300	Inventories				19,665	19,665
1410	Prepaid items	500,584				500,584
1000A	Total assets	<u>\$ 15,442,581</u>	<u>\$ 173,521</u>	<u>\$ 4,056,550</u>	<u>\$ 611,696</u>	<u>\$ 20,284,348</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>						
<b>Liabilities:</b>						
2110	Accounts payable	\$ 21,355	\$ 415	\$ 605,772	\$ 150,277	\$ 777,819
2160	Accrued wages payable	662,650			121,390	784,040
2170	Due to other funds	75,500			231,981	307,481
2300	Unearned revenue	182,037			5,496	187,533
2000	Total liabilities	<u>941,542</u>	<u>415</u>	<u>605,772</u>	<u>509,144</u>	<u>2,056,873</u>
<b>Deferred Inflows of Resources:</b>						
2600	Deferred inflows - property taxes	446,773	46,024			492,797
	Total deferred inflows of resources	<u>446,773</u>	<u>46,024</u>	<u>-0-</u>	<u>-0-</u>	<u>492,797</u>
<b>Fund Balance:</b>						
<b>Nonspendable:</b>						
3410	Inventories				19,665	19,665
3430	Prepaid items	500,584				500,584
<b>Restricted:</b>						
3450	Grant funds				713	713
3470	Capital acquisitions and contractual obligations			3,450,778		3,450,778
3480	Debt service		127,082			127,082
3490	Other				35,364	35,364
<b>Committed:</b>						
3545	Other	8,550,000			46,810	8,596,810
3600	Unassigned	5,003,682				5,003,682
3000	Total fund balance	<u>14,054,266</u>	<u>127,082</u>	<u>3,450,778</u>	<u>102,552</u>	<u>17,734,678</u>
4000	Total liabilities, deferred inflows of resources and fund balance	<u>\$ 15,442,581</u>	<u>\$ 173,521</u>	<u>\$ 4,056,550</u>	<u>\$ 611,696</u>	<u>\$ 20,284,348</u>

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION**  
**AUGUST 31, 2021**

Exhibit C-2

Total fund balance - governmental funds balance sheet (C-1) \$ 17,734,678

**Amounts reported for governmental activities in the statement of net position (A-1) are different because:**

Capital assets net of accumulated depreciated unused in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The costs of these assets is \$ 92,892,630 and the accumulated depreciation is \$ 6,114,987 resulting in a net addition to net position. 86,777,643

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 492,797

The government-wide statement includes the District's proportionate share of TRS net pension liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net pension liability	\$( 3,492,421)	
Deferred outflows of resources - TRS pension	1,456,642	
Deferred inflows of resources - TRS pension	<u>( 515,698)</u>	( 2,551,477)

The government-wide statement includes the District's proportionate share of TRS net OPEB liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net OPEB liability	\$( 3,402,937)	
Deferred outflows of resources - TRS OPEB	854,437	
Deferred inflows of resources - TRS OPEB	<u>( 2,491,822)</u>	( 5,040,322)

Some liabilities, including bonds payable, capital lease payable, premium on bonds and accrued interest payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds. Liabilities at year-end related to such items consist of:

General obligation bonds	\$( 77,075,000)	
Premium on bonds	( 4,458,630)	
Accrued interest payable	<u>( 118,296)</u>	<u>( 81,651,926)</u>

Net position of governmental activities - statement of net position (A-1) \$ 15,761,393

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

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

Exhibit C-3

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>						
5700	Local and intermediate sources	\$ 8,157,697	\$ 5,887,384	\$ 14,171	\$ 787,524	\$ 14,846,776
5800	State program revenues	6,429,963			145,312	6,575,275
5900	Federal program revenues	118,601			1,670,125	1,788,726
5020	Total revenues	<u>14,706,261</u>	<u>5,887,384</u>	<u>14,171</u>	<u>2,602,961</u>	<u>23,210,777</u>
<b>EXPENDITURES:</b>						
Current:						
0011	Instruction	6,604,369			1,412,658	8,017,027
0012	Instructional resources and media services	102,285			204	102,489
0013	Curriculum and instructional staff development	22,172			6,721	28,893
0021	Instructional leadership	144,501			169,193	313,694
0023	School leadership	772,510			2,132	774,642
0031	Guidance, counseling, and evaluation services	285,815			675	286,490
0032	Social work services	18,000				18,000
0033	Health services	189,034			13,589	202,623
0034	Student transportation	449,433		145,409	807	595,649
0035	Food services				797,392	797,392
0036	Extracurricular activities	786,471			12,402	798,873
0041	General administration	770,141			8,970	779,111
0051	Facilities maintenance and operations	2,258,578		13,856,731	78,637	16,193,946
0052	Security and monitoring services	141,532			37,397	178,929
0053	Data processing services	368,389			50,485	418,874
0061	Community services	1,030				1,030
Debt Service:						
0071	Debt service - principal		3,305,000			3,305,000
0071	Debt service - interest and fees		2,970,341			2,970,341
Intergovernmental:						
0093	Payments related to shared services arrangements	349,845			12,753	362,598
0099	Other intergovernmental charges	127,127				127,127
6030	Total expenditures	<u>13,391,232</u>	<u>6,275,341</u>	<u>14,002,140</u>	<u>2,604,015</u>	<u>36,272,728</u>
1100	Deficiency of revenues over expenditures	<u>1,315,029</u>	<u>( 387,957 )</u>	<u>( 13,987,969 )</u>	<u>( 1,054 )</u>	<u>( 13,061,951 )</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
7911	Issuance of general obligation bonds			9,550,000		9,550,000
7915	Transfers in	18,895			6,481	25,376
7916	Premium on issuance of general obligation bonds		361,037	50,000		411,037
8911	Transfers out	( 6,481 )			( 18,895 )	( 25,376 )
	Total other financing sources (uses)	<u>12,414</u>	<u>361,037</u>	<u>9,600,000</u>	<u>( 12,414 )</u>	<u>9,961,037</u>
1200	Net change in fund balance	1,327,443	( 26,920 )	( 4,387,969 )	( 13,468 )	( 3,100,914 )
0100	Fund balance - beginning	<u>12,726,823</u>	<u>154,002</u>	<u>7,838,747</u>	<u>116,020</u>	<u>20,835,592</u>
3000	Fund balance - ending	<u>\$ 14,054,266</u>	<u>\$ 127,082</u>	<u>\$ 3,450,778</u>	<u>\$ 102,552</u>	<u>\$ 17,734,678</u>

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

Exhibit C-4

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

Net change in fund balance - total governmental funds (from C-3) \$( 3,100,914)

**Amounts reported for governmental activities in the statement of activities (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 and reported as depreciation expense.

Capital outlay	\$ 13,852,916	
Depreciation expense	<u>( 1,848,465 )</u>	12,004,451

Governmental funds report the entire sales price (proceeds) from the sale of an asset as revenue because it provides current resources. In contrast, in the statement of activities, only the gain/loss on the sale of capital assets is reported. Thus, the change in net position differs from the change in fund balance by the book value of capital assets sold. ( 60,351)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Debt issue	\$( 9,550,000)	
Premium on debt issue	( 411,037)	
Principal payments	3,305,000	
Change in accrued interest payable	( 1,236)	
Amortization of bond premium	<u>192,616</u>	( 6,464,657)

The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net pension liability decreased	\$ 1,883	
Deferred outflows decreased	( 371,738)	
Deferred inflows decreased	<u>53,672</u>	( 316,183)

The net change in net OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net OPEB liability decreased	\$ 727,250	
Deferred outflows decreased	( 3,772)	
Deferred inflows increased	<u>692,064</u>	61,414

Because some property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered available revenues and are deferred inflows in the governmental funds. 69,707

Change in net position of governmental activities (see B-1) \$ 2,193,467

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2021**

Exhibit E-1

	Private- Purpose Trust Fund	Custodial Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>		
Assets:		
Cash and cash equivalents	\$ <u>          4,220</u>	\$ <u>          77,239</u>
Total assets	<u>                  4,220</u>	<u>                  77,239</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:</b>		
Liabilities:		
Amounts due to student groups	\$ <u>                    </u>	\$ <u>                    </u>
Total liabilities	<u>                  -0-</u>	<u>                  -0-</u>
<b>NET POSITION:</b>		
Restricted For:		
Held in trust for other purposes	4,220	
Students and other activities	<u>                    </u>	<u>                  77,239</u>
Total net position	<u>                  4,220</u>	<u>                  77,239</u>

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

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

Exhibit E-2

	Private- Purpose Trust Fund	Custodial Fund
	<u>          </u>	<u>          </u>
ADDITIONS		
Enterprising revenues	\$          220	\$
Revenues from student activities		<u>183,691</u>
Total additions	<u>220</u>	<u>183,691</u>
DEDUCTIONS		
Payments for student activities		<u>197,538</u>
Total deductions	<u>-0-</u>	<u>197,538</u>
Change in net position	220	( 13,847)
Net position - beginning	4,000	
Prior period adjustment		<u>91,086</u>
Net position - ending	<u>\$          4,220</u>	<u>\$          77,239</u>

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

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**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

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# VAN VLECK INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Van Vleck Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees that are elected by registered voters of the District. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

#### **Reporting Entity**

The Board of the District is elected by the public; has the authority to make decisions, appoint administrators and managers; significantly influence operations; and has the primary accountability for fiscal matters. Therefore, the District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 61, *"The Financial Reporting Entity: Omnibus - and amendment of GASB Statement No. 14 and No. 34"*. The District has no component units that it is including within the reporting entity.

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

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenues and intergovernmental revenues. The District has no *business-type activities* that rely, to a significant extent, on fees and charges for support.

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

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

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

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Measurement Focus, Basis Of Accounting, and Financial Statement Presentation** -  
Continued

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas 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.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and the unrestricted resources as needed.

The District reports the following major governmental funds:

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Measurement Focus, Basis Of Accounting, and Financial Statement Presentation -**  
Continued

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the general fund after all of the related debt obligations have been met. Major revenue sources include local property taxes, and interest earnings. Expenditures include all costs associated with related debt service.

The *Capital Projects Fund* accounts for the resources accumulated and made for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. The major revenue source includes investment earnings and other resources from proceeds from sale of general obligation bonded debt.

Additionally, the District reports the following fiduciary funds:

The *private-purpose trust fund* is used to account for donations for endowments received from individuals and/or organizations for specified donor purposes for which the principal and earned interest or revenue may be used.

The *custodial fund* accounts for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others.

**Cash and Investments**

The District considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

**Interfund Receivables, Payables and Transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The District had no advances between funds. See Note 4 for additional discussion of interfund receivables, payables and transfers.

# **VAN VLECK INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2021**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the district in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the District is the responsibility of the Matagorda County Appraisal District (MCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. MCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years.

Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the MCAD Review Board through various appeals and, if necessary, legal action.

The assessed value (adjusted) of the property tax roll on August 1, 2020, upon which the levy for the 2020-21 fiscal year was based, was \$ 631,324,712. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2021, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.89740 and \$ 0.28204 per \$ 100 valuation, respectively, for a total of \$ 1.17944 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2021 were 97.37% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting 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. As of August 31, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 480,629 and \$ 53,485 for the general and debt service funds, respectively.

#### **Inventories**

The consumption method is used to account for inventories (food products, school supplies and athletic equipment) of governmental funds. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Governmental fund inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Inventories of food commodities are recorded at market values supplied by the United States Department of Agriculture. Although commodities are received at no cost, their market value is recorded as inventory and deferred revenue when received in the governmental funds. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Capital Assets and Depreciation**

Capital assets, which include land, buildings and improvements, and furniture, equipment and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government to be \$ 5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Furniture, equipment and vehicles	5 - 15

**Deferred Outflows and Inflows of Resources**

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

**Compensated Absences**

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

# **VAN VLECK INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures or expenses in the current period.

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

#### **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.

#### **Other Post-Employment Benefits (OPEB)**

The fiduciary net position of the Teacher Retirement System of Texas (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.

#### **Budgetary Data**

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

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*YEAR ENDED AUGUST 31, 2021*

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Budgetary Data** - Continued

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and the national school breakfast and lunch program. The remaining special revenue funds and the capital projects fund (if utilized) adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The budget was properly amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

The Official Budget was prepared for adoption for the general fund, national school breakfast and lunch program and debt service fund prior to August 31, 2020. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within fund groups at the function code level and revenue object code level.

The Budget is formally adopted by the Board of Trustees at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System. Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made before the fact and once approved are reflected in the official minutes. During the year the budget was properly amended in accordance with the above procedures.

**Encumbrance Accounting**

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

As of August 31, 2021, the District did not have any encumbrances outstanding.

# VAN VLECK INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Fund Equity

The District's Board of Trustees meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The District's Unassigned General Fund Balance is maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees. Fund balance of the District may be committed for a specific source by formal action of the District's Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action by the District's Board of Trustees. When it is appropriate for fund balance to be assigned, the Board of Trustees has delegated authority to the Assistant Superintendent of Finance. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The District implemented GASB 54, "Fund Balance, Reporting and Governmental Fund Type Definitions", for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors, grantors, contributors or other governments; or are imposed by law.

Committed Fund Balance - Amounts that can only be used for specific purposes because of a Board of Trustees Resolution by the government's highest level of decision-making authority.

Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body by the Assistant Superintendent of Finance. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amount had been restricted, committed or assigned.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fund Equity** - Continued

As of August 31, 2021, nonspendable fund balances include \$ 500,584 for prepaid items in the general fund and \$ 19,665 for inventories in the national school breakfast and lunch program. Restricted fund balances include \$ 127,082 for the debt service fund, \$ 3,450,778 for the capital projects fund, and \$ 36,077 for national school breakfast and lunch program, state textbook fund, gulf coast medical grant fund, Trull foundation grant fund, Conoco Phillips grant fund, WIT program fund and WIT junior program fund (special revenue funds). Committed fund balances include \$ 8,550,000 for capital expenditures, technology refresh, transportation, grounds, instructional materials, and insurance deductible in the general fund and \$ 46,810 for campus activity funds. Unassigned fund balance includes \$ 5,003,682 in the general fund.

**Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

**Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reporting amounts of assets and deferred outflows of resources, and, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

**New Pronouncements**

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 84 "Fiduciary Activities" was issued in January 2017. The statement was implemented and did not have a material effect on the financial statement of the District. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB No. 87 "Leases" was issued in June 2017. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this Statement are effective for periods beginning after June 15, 2021.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**New Pronouncements** - Continued

GASB No. 88 “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements” was issued in April 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period” was issued in June 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 90 “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61” was issued in August 2018. The statement was implemented and did not have a material effect on the financial statement of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 91 “Conduit Debt Obligations” was issued in May 2019. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92 “Omnibus 2020” was issued in January 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93 “Replacement of Interbank Offered Rates” was issued in March 2020. The statement was implemented and did not have a material effect on the financial statement of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2020.

GASB No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” was issued in March 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance” was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective immediately.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**New Pronouncements** - Continued

GASB No. 96 "Subscription-Based Information Technology Arrangements" was issued in May 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" was issued in June 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

**NOTE 2. DEPOSITS AND INVESTMENTS**

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of one year or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

Cash and cash equivalents are reported on the statement of net position at August 31, 2021 are as follows:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 1,620	\$	\$ 1,620
Financial Institution Deposits:			
Demand deposits	315,006	8,967	323,973
Local Government Investment Pools:			
Lone Star	5,729,430	72,492	5,801,922
Logic	<u>12,361,576</u>	<u>                    </u>	<u>12,361,576</u>
	<u>\$ 18,407,632</u>	<u>\$ 81,459</u>	<u>\$ 18,489,091</u>

# **VAN VLECK INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2021**

### **NOTE 2. DEPOSITS AND INVESTMENTS - Continued**

#### **Deposits**

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At August 31, 2021, in addition to petty cash of \$ 1,620, the carrying amount of the District's cash, savings, and time deposits was \$ 323,973. The financial institutions balances were \$ 591,062 at August 31, 2021. Financial institution balances of \$ 250,000 were covered by federal depository insurance and \$ 341,062 were covered by collateral pledged in the District's name. The District's financial institution balances were covered by federal depository insurance and collateral pledged in the District's name. The collateral was held in safekeeping departments of unrelated financial institutions, which act as the pledging bank's agent.

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

#### Depository:

- a. Name of bank: First State Bank
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 6,000,000.
- c. Largest cash, savings and time deposit combined account balance amounted to \$ 11,477,167 and occurred on February 19, 2021.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$ 250,000.

#### **Investments**

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

## **VAN VLECK INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

#### **NOTE 2. DEPOSITS AND INVESTMENTS - Continued**

##### **Investments** - Continued

The District's deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Trustees. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the District will deposit funds is addressed. The District's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes it complied with the requirements of the PFIA and the District's investment policy.

The District's Investment Officer submits an investment report each quarter to the Board of Trustees. The report details the investment positions of the District and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

The District participates in Local Government Investment Pools (LGIP): Lone Star Investment Pool and Logic. The Lone Star Investment Pool (the "Pool") was established on July 25, 1991, as a public funds investment pool in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. Lone Star is a 2(a)7 like fund, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Standard and Poor's has assigned its "AAAm" fund risk ratings to the Pool's Corporate Overnight Plus Fund.

Logic is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texas Term is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Texas Term are rated AAAm from Standard and Poors and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At August 31, 2021, the Corporate Overnight Plus Fund had a weighted average maturity of 75 days and Logic had a weighted average maturity of 57 days. Although these funds had weighted average maturities of 75 and 57 days, respectively, the District considers holdings of these funds to have a one day weighted average maturity. This is due to the fact that the share position can normally be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The District's investment in LGIP are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial credit risk.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 2. DEPOSITS AND INVESTMENTS - Continued**

**Investments** - Continued

The following table includes the portfolio balances of all investment types of the District at August 31, 2021:

	<u>Fair Value</u>	<u>Weighted Average Maturity (In Days)</u>
Local Government Investment Pool:		
Lone Star Investment Pool:		
Corporate Overnight Plus Fund	\$ 5,801,922	75
Logic	<u>12,361,576</u>	57
Total local government investment pool	18,163,498	63
Certificates of deposit	<u>14,423</u>	29
Total investments	<u>\$ 18,177,921</u>	

Credit Risk - As of August 31, 2021, 99.92% of the investment portfolio was invested in AAAM rated funds in the LGIP (2(a)7 like pools) and 0.08% are invested in certificates of deposits that are fully insured by the FDIC.

Interest rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the District's cash flow requirements.

**Fair Value Measures**

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 2. DEPOSITS AND INVESTMENTS - Continued**

**Fair Value Measures** - Continued

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District held no investments valued at fair market value as of August 31, 2021.

**NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES**

**Receivables and Allowances**

Receivables as of August 31, 2021, for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 1,017,960	\$ 127,928	\$	\$ 1,145,888
Receivables from other governments	<u>315,468</u>	<u>                    </u>	<u>184,981</u>	<u>500,449</u>
Gross receivables	1,333,428	127,928	184,981	1,646,337
Less: allowance for uncollectibles	<u>537,331</u>	<u>74,443</u>	<u>                    </u>	<u>611,774</u>
Net receivables	<u>\$ 796,097</u>	<u>\$ 53,485</u>	<u>\$ 184,981</u>	<u>\$ 1,034,563</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT****NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2021

**NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES - Continued****Receivables/Payables from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. All federal grants shown below are passed through the TEA or other state agency and are reported on the combined financial statements as either Receivable from or to Other Governments, as applicable.

Amounts due from federal, state, and local governments as of August 31, 2021 are summarized below:

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>State Grants and Other</u>	<u>Total</u>
Major Governmental Funds:				
General fund	\$ 315,468	\$	\$	\$ 315,468
Other governmental funds	<u>                    </u>	<u>170,126</u>	<u>14,855</u>	<u>184,981</u>
 Total	 <u>\$ 315,468</u>	 <u>\$ 170,126</u>	 <u>\$ 14,855</u>	 <u>\$ 500,449</u>

**Deferred Outflows and Inflows of Resources/Unearned Revenue****Governmental Funds**

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of August 31, 2021, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Inflows of Resources (Unavailable)</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 446,773	\$
Delinquent property taxes receivable (debt service fund)	46,024	
Advance Funding:		
State entitlements		182,037
State grants		167
Federal food commodities	<u>                    </u>	<u>5,329</u>
 Total deferred/unearned revenue from governmental funds	 <u>\$ 492,797</u>	 <u>\$ 187,533</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES - Continued**

**Deferred Outflows and Inflows of Resources/Unearned Revenue - Continued**

Governmental Activities

Governmental activities defer the recognition of pension and OPEB expense for contributions made subsequent to the measurement date to the current year-end of August 31, 2021 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of August 31, 2021, the various components of deferred inflows and outflows of resources and unearned revenue reported in the governmental activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
TRS pension deferred outflows and inflows of resources	\$ 1,165,319	\$ 515,698	\$
TRS-Care OPEB deferred outflows and inflows of resources	781,915	2,491,822	
TRS pension contributions subsequent to the measurement date	291,323		
TRS-Care OPEB contributions subsequent to the measurement date	72,522		
Advance Funding:			
State entitlements			182,037
State grants			167
Federal food commodities			<u>5,329</u>
Totals	<u>\$ 2,311,079</u>	<u>\$ 3,007,520</u>	<u>\$ 187,533</u>

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Interfund Receivables and Payables**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>08-31-21</u>
General Fund	Other Governmental Funds	\$ 231,981
Debt Service Fund	General Fund	<u>75,500</u>
		<u>\$ 307,481</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued**

**Interfund Transfers**

Interfund transfers for the year ended August 31, 2021 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 18,895
General Fund	Other Governmental Funds	<u>6,481</u>
		<u>\$ 25,376</u>

The District approved transfers to reimburse expenditures in the General Fund for certain emergency measures taken in response to the COVID-19 pandemic and to cover the deficit in the National School Breakfast and Lunch Program.

**NOTE 5. CAPITAL ASSETS**

**Changes in Capital Assets and Accumulated Depreciation**

The following provides a summary of changes in capital assets and accumulated depreciation for the year ended August 31, 2021:

	<u>September 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &amp; Adjustments</u>	<u>August 31, 2021</u>
<b>Non-Depreciated Capital Assets:</b>					
Land	\$ 461,898	\$	\$	\$	\$ 461,898
Construction in progress	<u>15,763,772</u>	<u>13,708,759</u>	<u>                    </u>	<u>( 23,634,347)</u>	<u>5,838,184</u>
Total non-depreciated	<u>16,225,670</u>	<u>13,708,759</u>	<u>-0-</u>	<u>( 23,634,347)</u>	<u>6,300,082</u>
<b>Depreciated Capital Assets:</b>					
Buildings and improvements	61,066,999			23,092,532	84,159,531
Furniture, equipment and vehicles	<u>2,628,791</u>	<u>144,157</u>	<u>881,746</u>	<u>541,815</u>	<u>2,433,017</u>
Total depreciated	<u>63,695,790</u>	<u>144,157</u>	<u>881,746</u>	<u>23,634,347</u>	<u>86,592,548</u>
Total additions/transfers and retirements		<u>\$ 13,852,916</u>	<u>\$ 881,746</u>	<u>\$ -0-</u>	
<b>Accumulated Depreciation:</b>					
Buildings and improvements	3,238,849	\$ 1,687,174	\$	\$	4,926,023
Furniture, equipment and vehicles	<u>1,849,068</u>	<u>161,291</u>	<u>821,395</u>	<u>                    </u>	<u>1,188,964</u>
Total accumulated depreciation	<u>5,087,917</u>	<u>\$ 1,848,465</u>	<u>\$ 821,395</u>	<u>\$ -0-</u>	<u>6,114,987</u>
Net depreciated assets	<u>58,607,873</u>				<u>80,477,561</u>
Net capital assets	<u>\$ 74,833,543</u>				<u>\$ 86,777,643</u>

See Note 1 for additional information regarding capital assets.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

YEAR ENDED AUGUST 31, 2021

**NOTE 5. CAPITAL ASSETS - Continued**

**Depreciation Expense**

In accordance with requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, depreciation expense of the governmental activities was charged to functions as follows:

Data Control Codes	Function	Amount
0011	Instruction	\$ 891,856
0012	Instructional resources and media services	13,753
0013	Curriculum and instructional staff development	3,211
0021	Instructional leadership	19,062
0023	School leadership	105,008
0031	Guidance, counseling, and evaluation services	41,317
0032	Social work services	1,903
0033	Health services	25,748
0034	Student (pupil) transportation	61,535
0035	Food services	19,601
0036	Cocurricular/extracurricular activities	119,058
0041	General administration	103,301
0051	Facilities maintenance and operations	375,809
0052	Security and monitoring services	20,823
0053	Data processing services	<u>46,480</u>
	Total depreciation expense	<u>\$ 1,848,465</u>

**Governmental Fund Construction Commitments**

At August 31, 2021, the District had the following construction commitments:

Project	Project Authorization	Expended To Date	Commitment
New Elementary School	\$ 23,132,485	\$ 22,947,637	\$ 184,848
New High School, Middle School & Ag Building	54,120,172	52,886,111	1,234,061
Renovation to the Auditorium & Gymnasium	4,277,256	3,888,093	389,163
Renovation to the Football Stadium	3,044,901	2,783,384	261,517
Technology (High School, Middle School & Elementary	1,299,865	1,231,598	68,267
Transportation	<u>725,321</u>	<u>639,348</u>	<u>85,973</u>
	<u>\$ 86,600,000</u>	<u>\$ 84,376,171</u>	<u>\$ 2,223,829</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 6. LONG-TERM DEBT**

**Loans**

Short-term debts are accounted for through the appropriate fund, and consist of notes made in accordance with the provisions of the Texas Education Code. The District was not a party to any loan transactions during the year ended August 31, 2021.

**General Obligation Bonds**

Long-term debt includes contractual obligations. Contractual obligations are issued at parity with general obligation bonds, but carry a secondary revenue stream pledge; however, all certificates of obligation are tax, not revenue, supported. This debt, unlike other tax-supported debt, can be issued without a vote of the citizens. Bond premiums and discounts, and gains and losses on refunding are amortized using the straight-line method.

The following is a summary of the District's general obligation bonded debt as of August 31, 2021:

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Date Callable</u>	<u>% Rates</u>	<u>Outstanding Balance</u>
2017	\$ 9,600,000	2043	2027	3.125 - 4.125	\$ 8,855,000
2018	38,085,000	2044	2028	3.000 - 5.000	31,085,000
2019	28,235,000	2045	2029	2.250 - 5.000	27,585,000
2020	<u>9,550,000</u>	2046	2030	1.000 - 4.000	<u>9,550,000</u>
Total	<u>\$ 85,470,000</u>				<u>\$ 77,075,000</u>

Presented below is a summary of general obligation bond requirements to maturity:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2022	\$ 3,410,000	\$ 2,650,341	\$ 6,060,341
2023	3,430,000	2,483,366	5,913,366
2024	3,405,000	2,316,966	5,721,966
2025	3,385,000	2,152,019	5,537,019
2026	3,370,000	1,988,394	5,358,394
2027-2031	16,455,000	7,694,232	24,149,232
2032-2036	17,470,000	4,913,857	22,383,857
2037-2041	15,430,000	2,549,836	17,979,836
2042-2046	<u>10,720,000</u>	<u>589,988</u>	<u>11,309,988</u>
Totals	<u>\$ 77,075,000</u>	<u>\$ 27,338,999</u>	<u>\$ 104,413,999</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 6. LONG-TERM DEBT - Continued**

**General Obligation Bonds** - Continued

Bond indebtedness of the District is recorded in the governmental activities statement of net position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

There are limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2021.

**Changes in Long-Term Liabilities**

Long-term liability activity for the governmental activities for the year ended August 31, 2021 was as follows:

	Balance 09-01-20	Additions	Retirements	Balance 08-31-21	Due Within One Year
Long-Term Debt:					
General obligation bonds	\$ 70,830,000	\$ 9,550,000	\$ 3,305,000	\$ 77,075,000	\$ 3,410,000
Net pension liability	3,494,304	369,269	371,152	3,492,421	
Net OPEB liability	4,160,187	264,913	1,022,163	3,402,937	
Premium on general obligation bonds	<u>4,240,209</u>	<u>411,037</u>	<u>192,616</u>	<u>4,458,630</u>	<u>194,348</u>
	<u>\$ 82,724,700</u>	<u>\$ 10,595,219</u>	<u>\$ 4,890,931</u>	<u>\$ 88,428,988</u>	<u>\$ 3,604,348</u>

The General Fund has been used to liquidate the net pension liability and net OPEB liability.

**NOTE 7. DEFINED BENEFIT PENSION PLANS**

**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 who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED AUGUST 31, 2021**

**NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued**

**Benefits Provided**

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

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

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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

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

Contribution Rates

	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Employer # 1344 - 2021 Employer Contributions		\$ 291,323
Employer # 1344 - 2021 Member Contributions		\$ 681,468
Employer # 1344 - 2021 NECE On-behalf Contributions		\$ 482,995
Employer # 1344 - 2021 Medicare Part D Contributions		\$ 39,421

## **VAN VLECK INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

#### **NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued**

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

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

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

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

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued**

**Actuarial Assumptions**

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad-hoc post-employment benefit changes	None

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

**Discount Rate**

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

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued**

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
U.S.	18%	3.90%	0.99%
Non-U.S. Developed	13%	5.10%	0.92%
Emerging Markets	9%	5.60%	0.83%
Private Equity	14%	6.70%	1.41%
Stable Value:			
Government Bonds	16%	-0.70%	-0.05%
Stable Value Hedge Funds	5%	1.90%	0.11%
Real Return:			
Real Estate	15%	4.60%	1.02%
Energy, Natural Resources and Infrastructure	6%	6%	0.42%
Risk Parity:			
Risk Parity	8%	3%	0.30%
Leverage:			
Cash	2%	-1.50%	-0.03%
Asset Allocation Leverage	-6%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100%		7.33%

\* Target allocations are based on the FY2020 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 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the Net pension liability	\$ <u>5,385,250</u>	\$ <u>3,492,421</u>	\$ <u>1,954,538</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued**

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

At August 31, 2021, the District reported a liability of \$ 3,492,421 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 3,492,421
State's proportionate share that is associated with the District	<u>5,922,903</u>
Total	<u>\$ 9,415,324</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0065208% which was an decrease of 0.0002012% from its proportion measured as of August 31, 2019.

**Changes since the prior Actuarial Valuation**

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

For the year ended August 31, 2021, the District recognized pension expense of \$ 356,077 and revenue of \$ 482,995 for support provided by the State.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 7. DEFINED BENEFIT PENSION PLANS - Continued**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 6,377	\$ 97,464
Changes in actuarial assumptions	810,366	344,562
Net difference between projected and actual investment earnings	70,701	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	277,875	73,672
Contributions paid to TRS subsequent to the measurement date	<u>291,323</u>	<u>                    </u>
Total	<u>\$ 1,456,642</u>	<u>\$ 515,698</u>

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

<u>Year Ended August 31,</u>	<u>Pension Expense Amount</u>
2022	\$ 195,935
2023	226,471
2024	201,394
2025	73,132
2026	( 42,377)
Thereafter	( 4,934)

**NOTE 8. 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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

**OPEB Plan Fiduciary Net Position**

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

**Benefits Provided**

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

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

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

TRS-Care Monthly Premium Rates

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

**Contributions**

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

**Contributions - Continued**

	<u>Contribution Rates</u>	<u>2020</u>
Active Employee		0.65%
Non-Employer Contributing Entity (State)		1.25%
Employers		0.75%
Federal/private Funding remitted by Employers		1.25%
Employer # 1344 - 2021 Employer Contributions	\$	72,513
Employer # 1344 - 2021 Member Contributions	\$	57,528
Employer # 1344 - 2021 NECE On-behalf Contributions	\$	104,497

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB Program). When hiring a TRS retiree, employers are required to pay TRS Care, a monthly surcharge of \$535 per retiree.

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

**Actuarial Assumptions**

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

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

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

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

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

***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%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.25% to 9.00%
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
Ad hoc post-employment benefit changes	None

**Discount Rate**

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

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*YEAR ENDED AUGUST 31, 2021*

**NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher 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>Current Single Discount Rate (2.33%)</u>	<u>1% Increase in Discount Rate (3.33%)</u>
District's proportionate share of the Net OPEB Liability	\$ <u>4,083,516</u>	\$ <u>3,402,937</u>	\$ <u>2,865,377</u>

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At August 31, 2021, the District reported a liability of \$ 3,402,937 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	\$ 3,402,937
State's proportionate share that is associated with the District	<u>4,572,731</u>
 Total	 \$ <u>7,975,668</u>

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

At August 31, 2020, the employer's proportion of the collective Net OPEB Liability was 0.00895168%, compared to 0.00879695% as of August 31, 2019.

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

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
District's proportionate share of the Net OPEB Liability	\$ <u>2,779,763</u>	\$ <u>3,402,937</u>	\$ <u>4,232,916</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

**Changes since the prior Actual Valuation**

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

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 178,176	\$ 1,557,358
Changes in actuarial assumptions	209,890	934,464
Net difference between projected and actual investment earnings	1,106	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	392,743	
Contributions paid to TRS subsequent to the measurement date	<u>75,522</u>	
Total	<u>\$ 857,437</u>	<u>\$ 2,491,822</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

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

<u>Year Ended August 31,</u>	<u>OPEB Expense Amount</u>
2022	\$ ( 291,486)
2023	( 291,633)
2024	( 291,718)
2025	( 291,695)
2026	( 200,801)
Thereafter	( 342,574)

For the year ended August 31, 2021, the District recognized OPEB expense of \$ 196,428 and revenue of \$ 104,497 for support provided by the State.

**NOTE 9. GENERAL FUND FEDERAL SOURCE REVENUES**

Following is a schedule of federal source revenue recorded in the General Fund.

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Total</u>
Direct Costs:		
School Health and Related Services (SHARS)	---	\$ 113,163
Medical Assistance Program	93.778	<u>5,438</u>
		<u>\$ 118,601</u>

The School Health and Related Services (SHARS) funds is not considered federal financial assistance for inclusion in the Schedule of Federal Financial Awards.

**NOTE 10. LOCAL AND INTERMEDIATE REVENUES**

During the year ended August 31, 2021, local and intermediate revenues for governmental funds consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property taxes	\$ 5,842,227	\$ 5,862,520	\$	\$	\$ 11,704,747
Food sales				102,354	102,354
Investment income	21,997	865	14,171	29	37,062
Penalties, interest and other tax related income	141,275	23,999			165,274
Co-curricular income	32,583				32,583
Enterprise activities				15,218	15,218
Grants and contributions				9,500	9,500
Other	<u>2,119,615</u>			<u>660,423</u>	<u>2,780,038</u>
Total	<u>\$ 8,157,697</u>	<u>\$ 5,887,384</u>	<u>\$ 14,171</u>	<u>\$ 787,524</u>	<u>\$ 14,846,776</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 11. RISK MANAGEMENT**

Property Casualty

During the year ended August 31, 2021, the District met its statutory property casualty obligations through participation in the Property Casualty and Coastal Property Alliance of Texas (the "Fund"). The Fund was created pursuant to the provisions of the Interlocal Cooperation Act, Chapter 791, Title 7 of the Texas Government Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides property and casualty coverage and services to its members. The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any covered claim in excess of the Fund's self-insured retentions. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended February 28, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on the last day of February. The audit is approved by the Fund's Board of Trustees by July of the same year. The Fund's audited financial statement as of February 29, 2020 is available for inspection at the Property Casualty Alliance of Texas' office.

Workers' Compensation

During the year ended August 31, 2021, the District met its statutory workers' compensation obligations through participation in a workers' compensation pool administered by Claims Administrative Services, Inc. All members participating in the fund execute interlocal agreements that define the responsibilities of the parties. The estimated liability will not exceed the District's loss fund and the District is not responsible for claims and claims allocation expense beyond its individual loss fund. The amounts for incurred but not reserved are projected estimates, based on the experience history of the association.

Unemployment Compensation

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

The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

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

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 12. LITIGATION AND CONTINGENCIES**

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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2020 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.

**NOTE 13. SHARED SERVICE ARRANGEMENTS**

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides speech therapy, diagnostic and other services for locally funded special education to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Matagorda ISD	\$ 42,846
Tidehaven ISD	265,830
Van Vleck ISD	<u>377,888</u>
Total	\$ <u><u>686,564</u></u>

The District is the fiscal agent for a Shared Service Arrangement ("SSA") which provides speech therapy, diagnostic and other services using federal funds to the member districts listed below. Services are provided by the fiscal agent. All funds are passed through the state directly to the fiscal agent. According to guidance provided in the TEA's Resource Guide, the District has accounted for the fiscal agent activities of the SSA in a special revenue fund and is accounted for using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Formula Expenditures</u>	<u>Preschool Expenditures</u>
Matagorda ISD	\$ 20,954	\$ 490
Tidehaven ISD	122,656	2,867
Van Vleck ISD	<u>160,068</u>	<u>3,741</u>
Total	\$ <u><u>303,678</u></u>	\$ <u><u>7,098</u></u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2021**

**NOTE 14. TAX ABATEMENTS**

The District enters into appraised value limitations with local businesses under the Texas Economic Development Act (Tax Code Chapter 313). Under the Act, an appraised value limitation is an agreement in which a taxpayer agrees to build or install property and create jobs in exchange for a 10-year limitation on the taxable property value for the District’s maintenance and operations tax (M&O) purposes. The minimum limitation value varies by District. The application for a limitation on the appraised value for M&O purposes is submitted directly to the District and requires an application fee that is established by the District. Tax credits are applicable only to applications determined to be complete prior to January 1, 2014. To qualify for a tax credit, a separate application must be submitted to the District after property taxes for the last complete year of the qualifying time period are paid. The credit is for M&O taxes paid in excess of the limitation amount in each complete year of the qualifying time period. The District’s tax collector must credit the overage in equal parts over the last seven years of the agreement, but the credit in each year may not exceed 50 percent of the total taxes paid on the qualified property during that year. Any eligible amount not credited during the seven-year period are to be credited over the following three years, but the amount credited in each year may not exceed the total taxes paid on the qualified property in that year. The following is a brief descriptions of the agreement as of August 31, 2021:

The District entered in an agreement with Maverick Tube Company dba Tenaris USA on July 21, 2014. In addition to the tax abatement, Maverick Tube Company has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 284. The following are the details of the agreement for the year ended August 31, 2021. The total project value is \$ 1,445,099,210, the projects value limitation is \$ 10,000,000, applicant’s M&O taxes paid \$ 668,225, applicant’s M&O taxes reduced \$ 12,878,580, and Company’s hold harmless payment to the District in the amount of \$ 755,914.

**NOTE 15. PRIOR PERIOD ADJUSTMENT**

During the current fiscal year, the District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position of the District’s custodial funds has been restated as follows:

	<u>Custodial Fund</u>
Beginning net position, as originally presented	\$ -0-
Reclassification of groups moved from an agency fund to a custodial fund	<u>91,086</u>
Beginning net position, as restated	<u>\$ 91,086</u>

**NOTE 16. SUBSEQUENT EVENT**

The District has evaluated subsequent events through January 7, 2022, the date which the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

Exhibit G-1

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes		General Fund			Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 6,611,052	\$ 8,280,945	\$ 8,157,697	\$( 123,248)
5800	State program revenues	6,138,128	6,143,182	6,429,963	286,781
5900	Federal program revenues	<u>272,170</u>	<u>272,170</u>	<u>118,601</u>	<u>( 153,569)</u>
5020	Total revenues	<u>13,021,350</u>	<u>14,696,297</u>	<u>14,706,261</u>	<u>9,964</u>
	EXPENDITURES:				
	Current:				
0011	Instruction	6,700,692	6,616,041	6,604,369	11,672
0012	Instructional resources and media services	108,977	108,977	102,285	6,692
0013	Curriculum and instructional staff development	46,267	41,267	22,172	19,095
0021	Instructional leadership	139,910	144,910	144,501	409
0023	School leadership	740,159	777,565	772,510	5,055
0031	Guidance, counseling, and evaluation services	350,156	304,153	285,815	18,338
0032	Social work services	24,000	24,000	18,000	6,000
0033	Health services	204,574	204,574	189,034	15,540
0034	Student transportation	468,026	468,026	449,433	18,593
0036	Extracurricular activities	720,823	810,323	786,471	23,852
0041	General administration	671,162	781,162	770,141	11,021
0051	Facilities maintenance and operations	2,013,741	2,286,552	2,258,578	27,974
0052	Security and monitoring services	155,833	155,833	141,532	14,301
0053	Data processing services	396,686	383,252	368,389	14,863
0061	Community services	8,150	1,150	1,030	120
	Intergovernmental:				
0093	Payments related to shared services arrangements	395,600	431,047	349,845	81,202
0099	Other intergovernmental charges	<u>136,506</u>	<u>136,506</u>	<u>127,127</u>	<u>9,379</u>
6030	Total expenditures	<u>13,281,262</u>	<u>13,675,338</u>	<u>13,391,232</u>	<u>284,106</u>
1100	Excess (deficiency) of revenues over expenditures	<u>( 259,912)</u>	<u>1,020,959</u>	<u>1,315,029</u>	<u>294,070</u>
	OTHER FINANCING SOURCES (USES):				
7915	Transfers in			18,895	18,895
8911	Transfers out	<u>( 50,000)</u>	<u>( 68,000)</u>	<u>( 6,481)</u>	<u>61,519</u>
	Total other financing sources (uses)	<u>( 50,000)</u>	<u>( 68,000)</u>	<u>12,414</u>	<u>80,414</u>
1200	Net change in fund balance	<u>( 309,912)</u>	<u>952,959</u>	<u>1,327,443</u>	<u>374,484</u>
0100	Fund balance - beginning	<u>12,726,823</u>	<u>12,726,823</u>	<u>12,726,823</u>	<u>-0-</u>
3000	Fund balance - ending	<u>\$ 12,416,911</u>	<u>\$ 13,679,782</u>	<u>\$ 14,054,266</u>	<u>\$ 374,484</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AND RELATED RATIOS - COST SHARING EMPLOYER PLAN  
FOR THE LAST TEN MEASUREMENT YEARS ENDED AUGUST 31 (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.0036287%	0.0057668%	0.0059264%	0.0060119%
District's proportionate share of the net pension liability	\$ 969,276	\$ 2,038,487	\$ 2,239,490	\$ 1,922,282
State's proportionate share of the net pension liability associated with the District	<u>3,569,361</u>	<u>3,881,720</u>	<u>4,149,933</u>	<u>3,661,459</u>
Total	<u>\$ 4,538,637</u>	<u>\$ 5,920,207</u>	<u>\$ 6,389,423</u>	<u>\$ 5,583,741</u>
District's covered employee payroll	\$ 6,273,110	\$ 6,151,110	\$ 6,604,142	\$ 7,586,453
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	15.45%	33.14%	33.91%	25.34%
Plan fiduciary net position as a percentage of total pension liability	83.25%	78.43%	78.00%	82.17%

(1) Ten years of data should be presented in this schedule but data is unavailable prior to 2014. Net pension liability and related ratios will be presented prospectively as data becomes available.

<u>2018</u>	<u>2019</u>	<u>2020</u>
0.0064701%	0.0067220%	0.0065208%
\$ 3,561,279	\$ 3,494,304	\$ 3,492,421
<u>5,860,383</u>	<u>5,394,283</u>	<u>5,922,903</u>
<u>\$ 9,421,662</u>	<u>\$ 8,888,587</u>	<u>\$ 9,415,324</u>
\$ 7,304,460	\$ 7,643,218	\$ 8,376,655
48.75%	45.72%	41.69%
73.74%	75.24%	75.54%

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED CONTRIBUTIONS -**  
**COST SHARING EMPLOYER PLAN**  
**FOR THE LAST TEN YEARS ENDED AUGUST 31 (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contributions	\$ 170,758	\$ 187,866	\$ 197,075	\$ 239,619
Contributions in relation to the contractually required contribution	<u>170,758</u>	<u>187,866</u>	<u>197,075</u>	<u>239,619</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 6,151,110	\$ 6,604,142	\$ 7,586,453	\$ 7,304,460
Contributions as a percentage of covered employee payroll	2.78%	2.84%	2.60%	3.28%

(1) The first TRS actuarial report was completed for the year ended August 31, 2014 (measurement date). Therefore, only seven years of required supplementary information is available.

<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 235,633	\$ 268,925	\$ 291,323
<u>235,633</u>	<u>268,925</u>	<u>291,323</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
\$ 7,643,218	\$ 8,376,655	\$ 8,850,420
3.08%	3.21%	3.29%

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

Exhibit G-4

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
AND RELATED RATIOS - COST SHARING EMPLOYER PLAN  
FOR THE LAST TEN MEASUREMENT YEARS ENDED AUGUST 31 (1)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.00809135%	0.00858018%	0.00879695%	0.00895168%
District's proportionate share of the net OPEB liability	\$ 3,518,623	\$ 4,284,164	\$ 4,160,187	\$ 3,402,937
State's proportionate share of the net OPEB liability associated with the District	<u>5,647,383</u>	<u>6,301,276</u>	<u>5,527,956</u>	<u>4,572,731</u>
Total	<u>\$ 9,166,006</u>	<u>\$ 10,585,440</u>	<u>\$ 9,688,143</u>	<u>\$ 7,975,668</u>
District's covered employee payroll	\$ 7,586,453	\$ 7,304,460	\$ 7,643,218	\$ 8,376,655
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	46.38%	58.65%	54.43%	40.62%
Plan fiduciary net position as a percentage of total OPEB liability	0.91%	1.57%	2.66%	4.99%

(1) Ten years of data should be presented in this schedule but data is unavailable prior to 2017. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED OPEB CONTRIBUTIONS - COST SHARING**  
**EMPLOYER PLAN**  
**FOR THE LAST TEN YEARS ENDED AUGUST 31 (1)**

Exhibit G-5

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contributions	\$ 51,978	\$ 62,512	\$ 68,039	\$ 72,522
Contributions in relation to the contractually required contribution	<u>51,978</u>	<u>62,512</u>	<u>68,039</u>	<u>72,522</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
District's covered employee payroll	\$ 7,304,460	\$ 7,643,218	\$ 8,376,655	\$ 8,850,420
Contributions as a percentage of covered employee payroll	0.71%	0.82%	0.81%	0.82%

(1) This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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## **OTHER SUPPLEMENTARY INFORMATION**

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2021**

Data Control Codes		Special				
		211 ESEA Title I Part A Improving Basic Programs	226 IDEA Part B Discretionary	240 National School Breakfast and Lunch Program	255 ESEA Title II Part A Teacher and Principal	266 ESSER 1 Grant
<b>ASSETS:</b>						
1110	Cash and cash equivalents	\$	\$	\$ 145,834	\$	\$
1120	Current investments					
1240	Receivable from other governments	20,508	2,642	47,226	1,788	7,414
1300	Inventories			19,665		
1000	Total assets	<u>\$ 20,508</u>	<u>\$ 2,642</u>	<u>\$ 212,725</u>	<u>\$ 1,788</u>	<u>\$ 7,414</u>
<b>LIABILITIES AND FUND BALANCE:</b>						
<b>Liabilities:</b>						
2110	Accounts payable	\$	\$	\$ 813	\$	\$
2160	Accrued wages payable	17,875		23,292	1,046	
2170	Due to other funds	2,633	2,642	162,913	742	7,414
2300	Unearned revenue			5,329		
2000	Total liabilities	<u>20,508</u>	<u>2,642</u>	<u>192,347</u>	<u>1,788</u>	<u>7,414</u>
<b>Fund Balance:</b>						
<b>Nonspendable:</b>						
3410	Inventories			19,665		
<b>Restricted:</b>						
3450	Grant Funds			713		
3490	Other					
<b>Committed:</b>						
3545	Other					
3000	Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>20,378</u>	<u>-0-</u>	<u>-0-</u>
4000	Total liabilities and fund balance	<u>\$ 20,508</u>	<u>\$ 2,642</u>	<u>\$ 212,725</u>	<u>\$ 1,788</u>	<u>\$ 7,414</u>

Revenue Funds							
277	281	282	289	313	314	397	410
Coronavirus Relief Fund, CARES Act	ESSER II Grant	ESSER III Grant	Federally Funded Special Revenue Fund	Shared Service Arrangements IDEA, Part B Formula	Shared Service Arrangements IDEA, Part B Preschool	Advanced Placement Incentives	State Textbook Fund
\$	\$	\$	\$	\$	\$	\$ 17	\$ 1,909
		30,414	6,466	51,571	2,097		
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 30,414</u>	<u>\$ 6,466</u>	<u>\$ 51,571</u>	<u>\$ 2,097</u>	<u>\$ 17</u>	<u>\$ 1,909</u>
\$	\$	\$	\$	\$	\$	\$	\$
		23,122 7,292	6,466	26,644 24,927	2,097	17	
<u>-0-</u>	<u>-0-</u>	<u>30,414</u>	<u>6,466</u>	<u>51,571</u>	<u>2,097</u>	<u>17</u>	<u>-0-</u>
							1,909
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,909</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 30,414</u>	<u>\$ 6,466</u>	<u>\$ 51,571</u>	<u>\$ 2,097</u>	<u>\$ 17</u>	<u>\$ 1,909</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2021**

Data Control Codes		Special Revenue Funds				
		429	437	459	461	479
		State Funded Special Revenue Fund	Shared Service Arrangements Special Education	Shared Service Arrangements State Funded	Campus Activity Funds	Gulf Coast Medical Grant Fund
<b>ASSETS:</b>						
1110	Cash and cash equivalents	\$	\$ 178,875	\$ 150	\$ 46,810	\$ 8,675
1120	Current investments					14,423
1240	Receivable from other governments	14,855				
1300	Inventories					
1000	Total assets	<u>\$ 14,855</u>	<u>\$ 178,875</u>	<u>\$ 150</u>	<u>\$ 46,810</u>	<u>\$ 23,098</u>
<b>LIABILITIES AND FUND BALANCE:</b>						
<b>Liabilities:</b>						
2110	Accounts payable	\$	\$ 149,464	\$	\$	\$
2160	Accrued wages payable		29,411			
2170	Due to other funds	14,855				
2300	Unearned revenue			150		
2000	Total liabilities	<u>14,855</u>	<u>178,875</u>	<u>150</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balance:</b>						
<b>Nonspendable:</b>						
3410	Inventories					
<b>Restricted:</b>						
3450	Grant Funds					
3490	Other					23,098
<b>Committed:</b>						
3545	Other				46,810	
3000	Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>46,810</u>	<u>23,098</u>
4000	Total liabilities and fund balance	<u>\$ 14,855</u>	<u>\$ 178,875</u>	<u>\$ 150</u>	<u>\$ 46,810</u>	<u>\$ 23,098</u>

Revenue Funds				
480	481	486	487	
Trull Foundation Grant Fund	Conoco Phillips Grant Fund	WIT Program Fund	WIT Junior Program Fund	Total Nonmajor Governmental (See C-1)
\$ 2,000	\$ 1,045	\$ 5,825	\$ 1,487	\$ 392,627
				14,423
				184,981
				19,665
<u>\$ 2,000</u>	<u>\$ 1,045</u>	<u>\$ 5,825</u>	<u>\$ 1,487</u>	<u>\$ 611,696</u>
\$	\$	\$	\$	\$ 150,277
				121,390
				231,981
				5,496
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>509,144</u>
				19,665
				713
2,000	1,045	5,825	1,487	35,364
				46,810
<u>2,000</u>	<u>1,045</u>	<u>5,825</u>	<u>1,487</u>	<u>102,552</u>
<u>\$ 2,000</u>	<u>\$ 1,045</u>	<u>\$ 5,825</u>	<u>\$ 1,487</u>	<u>\$ 611,696</u>

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

Data Control Codes		Special				
		211 ESEA Title I Part A Improving Basic Programs	226 IDEA Part B Discretionary	240 National School Breakfast and Lunch Program	255 ESEA Title II Part A Teacher and Principal	266 ESSER I Grant
	REVENUES:					
5700	Local and intermediate sources	\$	\$	\$ 102,354	\$	\$
5800	State program revenues			26,729		127
5900	Federal program revenues	130,038	217,755	664,672	23,136	111,057
5020	Total revenues	130,038	217,755	793,755	23,136	111,184
	EXPENDITURES:					
	Current:					
0011	Instruction	129,783	217,755			20,824
0012	Instructional resources and media services					
0013	Curriculum and instructional staff development			1,299		
0021	Instructional leadership	255				
0023	School leadership					
0031	Guidance, counseling, and evaluation services					
0033	Health services					13,080
0034	Student (pupil) transportation					
0035	Food service			796,641		
0036	Extracurricular activities					4,907
0041	General administration					
0051	Facilities maintenance and operations			2,296		61,742
0052	Security and monitoring services					10,631
0053	Data processing services					
	Intergovernmental:					
0093	Payments related to shared services arrangements					
6030	Total expenditures	130,038	217,755	800,236	23,136	111,184
1100	Excess (deficiency) of revenues over expenditures	-0-	-0-	( 6,481 )	-0-	-0-
	OTHER FINANCING USES:					
7915	Transfers in			6,481		
8911	Transfers out					
	Total other financing uses	-0-	-0-	6,481	-0-	-0-
1200	Net changes in fund balance	-0-	-0-	-0-	-0-	-0-
0100	Fund balance - beginning			20,378		
3000	Fund balance - ending	\$ -0-	\$ -0-	\$ 20,378	\$ -0-	\$ -0-

Revenue Funds							
277	281	282	289	313	314	397	410
Coronavirus Relief Fund, CARES Act	ESSER II Grant	ESSER III Grant	Federally Funded Special Revenue Fund	Shared Service Arrangements IDEA, Part B Formula	Shared Service Arrangements IDEA, Part B Preschool	Advanced Placement Incentives	State Textbook Fund
\$	\$	\$	\$	\$	\$	\$	\$
							353
<u>18,895</u>	<u>149,616</u>	<u>30,414</u>	<u>13,766</u>	<u>303,678</u>	<u>7,098</u>		
<u>18,895</u>	<u>149,616</u>	<u>30,414</u>	<u>13,766</u>	<u>303,678</u>	<u>7,098</u>	<u>-0-</u>	<u>353</u>
	149,616	22,985 204	9,640	290,925	7,098		295
		270	2,566				
		2,021					
		675					
		509					
		565					
		751					
		244					
		1,204					
		49					
		206	1,560				
		731					
				12,753			
<u>-0-</u>	<u>149,616</u>	<u>30,414</u>	<u>13,766</u>	<u>303,678</u>	<u>7,098</u>	<u>-0-</u>	<u>295</u>
<u>18,895</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>58</u>
( <u>18,895</u> )							
( <u>18,895</u> )	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>58</u>
							1,851
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,909</u>

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

Data Control Codes		Special Revenue Funds				
		429	437	459	461	479
		State Funded Special Revenue Fund	Shared Service Arrangements Special Education	Shared Service Arrangements State Funded	Campus Activity Funds	Gulf Coast Medical Grant Fund
	REVENUES:					
5700	Local and intermediate sources	\$	\$ 660,423	\$	\$ 15,218	\$ 29
5800	State program revenues	74,754	28,043	15,306		
5900	Federal program revenues					
5020	Total revenues	<u>74,754</u>	<u>688,466</u>	<u>15,306</u>	<u>15,218</u>	<u>29</u>
	EXPENDITURES:					
	Current:					
0011	Instruction		499,474	15,306	26,116	
0012	Instructional resources and media services					
0013	Curriculum and instructional staff development		583		1,978	
0021	Instructional leadership		168,668			
0023	School leadership				111	
0031	Guidance, counseling, and evaluation services					
0033	Health services					
0034	Student (pupil) transportation				242	
0035	Food service					
0036	Extracurricular activities				848	
0041	General administration		5,387		2,379	
0051	Facilities maintenance and operations		14,354		196	
0052	Security and monitoring services	25,000				
0053	Data processing services	49,754				
	Intergovernmental:					
0093	Payments related to shared services arrangements					
6030	Total expenditures	<u>74,754</u>	<u>688,466</u>	<u>15,306</u>	<u>31,870</u>	<u>-0-</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 16,652 )</u>	<u>29</u>
	OTHER FINANCING USES:					
7915	Transfers in					
8911	Transfers out					
	Total other financing uses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
1200	Net changes in fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 16,652 )</u>	<u>29</u>
0100	Fund balance - beginning				63,462	23,069
3000	Fund balance - ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 46,810</u>	<u>\$ 23,098</u>

Revenue Funds				
480	481	486	487	
Trull Foundation Grant Fund	Conoco Phillips Grant Fund	WIT Program Fund	WIT Junior Program Fund	Total Nonmajor Governmental (See C-3)
\$	\$	\$ 5,000	\$ 4,500	\$ 787,524
				145,312
				1,670,125
<u>-0-</u>	<u>-0-</u>	<u>5,000</u>	<u>4,500</u>	<u>2,602,961</u>
				1,412,658
				204
				6,721
				169,193
				2,132
				675
				13,589
				807
				797,392
		3,390	3,013	12,402
				8,970
				78,637
				37,397
				50,485
				12,753
<u>-0-</u>	<u>-0-</u>	<u>3,390</u>	<u>3,013</u>	<u>2,604,015</u>
<u>-0-</u>	<u>-0-</u>	<u>1,610</u>	<u>1,487</u>	<u>( 1,054 )</u>
				6,481
				<u>( 18,895 )</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>( 12,414 )</u>
<u>-0-</u>	<u>-0-</u>	<u>1,610</u>	<u>1,487</u>	<u>( 13,468 )</u>
<u>2,000</u>	<u>1,045</u>	<u>4,215</u>		<u>116,020</u>
<u>\$ 2,000</u>	<u>\$ 1,045</u>	<u>\$ 5,825</u>	<u>\$ 1,487</u>	<u>\$ 102,552</u>

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

Years Ended August 31,	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance September 1, 2020
	Maintenance	Debt Service		
2012 and Prior	\$ Various	\$ Various	\$ Various	\$ 278,557
2013	1.040000		501,441,731	32,446
2014	1.040000		517,330,000	35,844
2015	0.988400		606,755,969	43,632
2016	1.034100		696,059,859	52,773
2017	1.014000		937,273,858	68,196
2018	1.014000		580,839,879	88,786
2019	1.040000	0.213250	603,917,108	165,879
2020	1.040000	0.222810	556,328,636	249,039
2021 (School Year Under Audit)	0.897400	0.282040	631,324,712	
1000 Totals				\$ <u>1,015,152</u>

Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2021
\$	\$ 14,755	\$	\$( 4,055 )	\$ 259,747
	2,773		( 35 )	29,638
	2,973		( 217 )	32,654
	5,563		( 200 )	37,869
	5,478		( 272 )	47,023
	11,619		1,390	57,967
	15,707		91	73,170
	25,194	5,158	981	136,508
	68,727	15,743	( 4,730 )	159,839
<u>11,847,745</u>	<u>5,680,597</u>	<u>5,833,915</u>	<u>( 21,759 )</u>	<u>311,474</u>
<u>\$ 11,847,745</u>	<u>\$ 5,833,386</u>	<u>\$ 5,854,816</u>	<u>\$( 28,806 )</u>	<u>\$ 1,145,889</u>

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**

Exhibit J-2

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2021**

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 61,870	\$ 101,870	\$ 102,354	\$ 484
5800	State program revenues	23,746	26,246	26,729	483
5900	Federal program revenues	<u>616,673</u>	<u>618,373</u>	<u>664,672</u>	<u>46,299</u>
5020	Total revenues	<u>702,289</u>	<u>746,489</u>	<u>793,755</u>	<u>47,266</u>
	EXPENDITURES:				
	Current:				
0013	Curriculum and instructional staff development	3,000	1,500	1,299	201
0035	Food service	718,567	805,567	796,641	8,926
0051	Facilities maintenance and operations	<u>8,000</u>	<u>2,500</u>	<u>2,296</u>	<u>204</u>
6030	Total expenditures	<u>729,567</u>	<u>809,567</u>	<u>800,236</u>	<u>9,331</u>
1100	Excess (deficiency) of revenues over expenditures	<u>( 27,278 )</u>	<u>( 63,078 )</u>	<u>( 6,481 )</u>	<u>56,597</u>
	OTHER FINANCING SOURCES (USES):				
7915	Transfers in	<u>30,000</u>	<u>68,000</u>	<u>6,481</u>	<u>( 61,519 )</u>
	Total other financing sources (uses)	<u>30,000</u>	<u>68,000</u>	<u>6,481</u>	<u>( 61,519 )</u>
1200	Net change in fund balance	2,722	4,922		( 4,922 )
0100	Fund balance - beginning	<u>20,378</u>	<u>20,378</u>	<u>20,378</u>	<u>-0-</u>
3000	Fund balance - ending	<u>\$ 23,100</u>	<u>\$ 25,300</u>	<u>\$ 20,378</u>	<u>\$ ( 4,922 )</u>

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

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 5,918,981	\$ 5,918,981	\$ 5,887,384	\$( 31,597 )
5020	Total revenues	5,918,981	5,918,981	5,887,384	( 31,597 )
	EXPENDITURES:				
	Debt Service:				
0071	Debt service - principal	3,305,000	3,305,000	3,305,000	-0-
0071	Debt service - interest and fees	2,613,981	2,978,395	2,970,341	8,054
6030	Total expenditures	5,918,981	6,283,395	6,275,341	8,054
1100	Deficiency of revenue over expenditures	-0-	( 364,414 )	( 387,957 )	( 23,543 )
	OTHER FINANCING SOURCES:				
7915	Premium on issuance of general obligation bonds		364,414	361,037	( 3,377 )
	Total other financing sources	-0-	364,414	361,037	( 3,377 )
1200	Net change in fund balance	-0-	-0-	( 26,920 )	( 26,920 )
0100	Fund balance - beginning	154,002	154,002	154,002	-0-
3000	Fund balance - ending	\$ 154,002	\$ 154,002	\$ 127,082	\$( 26,920 )

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**FEDERAL AWARDS SECTION**

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### Independent Auditor's Report

On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees  
Van Vleck Independent School District  
Van Vleck, Texas 77482

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 Van Vleck Independent School District (the "District"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2022.

### **Internal Control over Financial Reporting**

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

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**Bay City**  
2245 Avenue G  
Bay City, TX 77414  
979-245-9236



### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

***KM&L, LLC***

Lake Jackson, Texas  
January 7, 2022



Independent Auditor's Report  
On Compliance for Each Major Program and on Internal Control Over Compliance Required by the  
Uniform Guidance

To the Board of Trustees  
Van Vleck Independent School District  
Van Vleck, Texas 77482

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

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## **Report on Internal Control over Compliance**

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

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

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

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

***KM&L, LLC***

Lake Jackson, Texas  
January 7, 2022

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED AUGUST 31, 2021**

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings, required to be reported in this schedule, were disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None
4. No internal control findings, required to be reported in this schedule, were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings, which are required to be reported in accordance with 2 CFR 200.516(a): No.
7. Major programs include:
  - Child Nutrition Cluster:
    - School Breakfast Program - CFDA 10.553
    - National School Lunch Program - CFDA 10.555

1. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000.

2. Low risk auditee: Yes.

II. Findings related to the financial statements

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the federal awards.

The audit disclosed no findings required to be reported.

## Van Vleck Independent School District

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In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.

## Van Vleck Independent School District

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In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None.

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures Indirect Costs or Award Amount
<u>U.S. Department of Education</u>			
Passed Through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	21610101158906	\$ <u>130,038</u> <u>130,038</u>
Passed Through State Department of Education:			
Special Education Grants to States*	84.027A	216600011589066600	303,678
Special Education Grants to States*	84.027A	216600121589066677	193,194
Special Education Grants to States*	84.027A	66002106	<u>24,561</u> <u>521,433</u>
Passed Through State Department of Education:			
Special Education Preschool Grant *	84.173A	216610011589066610	<u>7,098</u> <u>7,098</u>
Passed Through State Department of Education:			
Supporting Effective Instruction State Grants	84.367A	21694501158906	<u>23,136</u> <u>23,136</u>
Passed Through State Department of Education:			
Student Support and Academic Enrichment Program	84.424A	21680101158906	<u>13,766</u> <u>13,766</u>
Passed Through State Department of Education:			
COVID-19, CARES Act, Elementary and Secondary School Emergency Relief Fund	84.425D	20521001158906	111,057
COVID-19, CRRSA Act, Elementary and Secondary School Emergency Relief Fund	84.425D	52102135	149,616
COVID-19, ARP Act, Elementary and Secondary School Emergency Relief Fund	84.425U	---	<u>30,414</u> <u>291,087</u>
TOTAL DEPARTMENT OF EDUCATION			\$ <u>986,558</u>
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Commodity Supplement Program **	10.555	158906	\$ <u>41,236</u> <u>41,236</u>
Passed Through State Department of Education:			
School Breakfast Program **	10.553	71402001	23,817
School Breakfast Program **	10.553	71402101	227,278
National School Lunch Program **	10.555	71302001	30,887
National School Lunch Program **	10.555	71302101	295,396
Passed Through State Department of Agriculture::			
National School Lunch program **	10.555	---	<u>42,489</u> <u>619,867</u>
Passed Through Texas Department of Agriculture:			
Child Nutrition Discretionary Grants Limited Availability	10.579	00773	<u>3,569</u> <u>3,569</u>
TOTAL DEPARTMENT OF AGRICULTURE			\$ <u>664,672</u>

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures Indirect Costs or Award Amount
<u>U.S. Department of Treasury:</u>			
Passed Through State Department of Education:			
COVID-19 Coronavirus Relief Fund	21.019	52202002	\$ 8,895
Passed Through Matagorda County, Texas			
COVID-19 Coronavirus Relief Fund	21.019	---	<u>10,000</u>
TOTAL DEPARTMENT OF TREASURY			<u>\$ 18,895</u>
<u>U.S. Department of Health &amp; Human Services</u>			
Passed Through Texas Health and Human Services Commission:			
Medical Assistance Program	93.778	---	<u>\$ 5,438</u>
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>\$ 5,438</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,675,563</u>
*, ** - Cluster Programs			
RECONCILIATION:			
Federal Program Revenues (Exhibit C-3)			\$ 1,788,726
Less: School Health and Related Services (SHARS) not considered federal revenue for the Schedule of Federal Awards			( <u>113,163</u> )
Total federal financial assistance (Schedule of expenditures of Federal Awards)			<u>\$ 1,675,563</u>

See notes to supplemental Schedule of Expenditures of Federal Awards

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

**NOTE 1 - BASIS OF ACCOUNTING**

The District accounts for all awards under federal programs in the General and certain special revenue funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

Commodity Supplement Program (CFDA 10.555) received like kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of goods received was \$ 38,198, while the monetary value of goods used and recognized as income and expenditures was \$ 41,236.

**NOTE 2 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**NOTE 3 - FEDERAL INDIRECT RATE**

The District has elected to use the 10 percent de minimis indirect cost rate.

**SCHEDULE FOR ELECTRONIC FILING**

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**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**AUGUST 31, 2021**

Code	Questions	Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF 3	<p>Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)</p> <p>Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes

**VAN VLECK INDEPENDENT SCHOOL DISTRICT**  
*REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS*  
 AUGUST 30, 2021

Code	Questions	Responses
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in the government-wide financial statements at fiscal year-end.	\$ -0-