



TIOGA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
JUNE 30, 2021



Shawn D. Nesmith
CPA • PLLC

TIOGA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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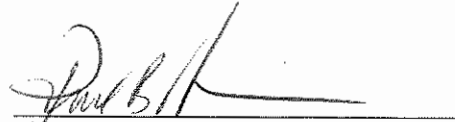
CERTIFICATE OF BOARD

Tioga Independent School District Grayson 091-907
Name of School District County 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 June 30, 2021 at a meeting of the Board of Trustees of such school district on the 22 day of NOV, 2021.



Signature of Board Secretary



Signature of Board President



701 Mohawk Drive
Tioga, Texas 76271
(972) 251-3058

Member:
American Institute of Certified Public Accountants
Governmental Audit Quality Center
Texas Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Tioga Independent School District
405 N Florence Street
Tioga, Texas 76271

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 Tioga Independent School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tioga Independent School District as of June 30, 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 and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and 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 as a whole. The Texas Education Agency requires school districts to include certain information in the Annual Financial Report in conformity with the laws and regulations of the State of Texas.

The required TEA 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 other supplementary information 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Shawn D. Nesmith, CPA, PLLC

Shawn D. Nesmith, CPA, PLLC
Tioga, Texas

November 19, 2021

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TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

In this section of the Annual Financial and Compliance Report, we, the administrators of Tioga Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the District's liabilities and deferred inflows exceeded its assets and deferred outflows by \$2,632,581. This deficit is mainly due to the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, and No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions and reflecting the District's proportionate share of both the pension and the post-employment benefit liabilities in the financials (\$1,014,376 and \$2,342,370, respectively). This change does not affect the financial stability of the District nor does it change how the District conducts its financial decision-making. Rather, the District is reflecting its portion of the pension and post-employment benefit liability that the State of Texas manages and operates.
- The District's net position increased by \$59,673, or 2.22% as a result of this year's operations. The increase is primarily attributed to the excess of non-cash, retirement benefits revenues versus expenses.
- During the year, the District had total expenses of \$11,424,871, which were \$9,433,496 more than the \$1,991,375 generated in tax revenues, before any special items. This compares to last year when tax revenues were exceeded by total expenditures by \$9,365,802.
- The General Fund ended the year with a DEFICIT fund balance of \$418,423 but increased during the year by \$228,558. The fund balance of the General Fund is unassigned and is -4.17% of total General Fund expenditures.
- The resources available for appropriation were \$542,590 lower than budgeted for the General Fund. This is primarily due to a reduction in State Aid Formula allotment and flat enrollment due to the COVID-19 situation. The district was over budget in ten (10) functional categories at year end, with only Health Services exceeding 8%.
- The total cost of the District's programs increased from last year by \$229,938, or 2.1%. The largest increase was in the functional area of Facilities Maintenance and Operations, with a decrease in Debt Service costs.
- The District's total tax rate for the 2020-2021 school year was \$1.3498 per \$100 property valuation with \$ 0.9898 for maintenance & operation and \$ 0.3600 for debt service.

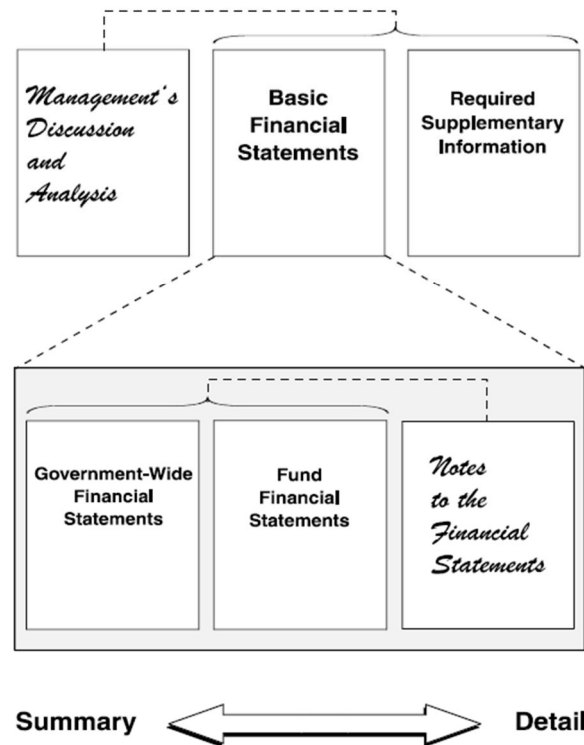
TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

Government-Wide Financial Statements

All of the District's services are reported in the government-wide financial statements (refer to Exhibits A-1 and B-1), including instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction, and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported on these statements.

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

The District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The statement of activities details how the District's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement

TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave and pension and other post-employment benefits).

The government-wide financial statements distinguish functions of the District that are 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.

Fund Financial Statements

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

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

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

Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

Proprietary funds - Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities.

Fiduciary funds - The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 and the government wide statements. Immediately following, the required supplementary information, combining statements for the non-major funds, the internal service funds, the fiduciary funds, required TEA schedules, and statistical schedules are included.

TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

Net position of the District's governmental activities increased from negative \$2,692,254 to negative \$2,632,581. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was negative \$4,216,474 on June 30, 2021. This increase in governmental net position was primarily the result of pension and other post-retirement benefits.

TABLE I TIOGA INDEPENDENT SCHOOL DISTRICT NET POSITION		
	<u>Governmental Activities</u>	
Assets:	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 2,341,442	\$ 2,081,227
Capital Assets, Net	<u>30,444,972</u>	<u>31,019,260</u>
Total Assets	32,786,414	33,100,487
Total Deferred Outflows of Resources	1,610,004	1,914,522
Liabilities:		
Current Liabilities	1,151,009	987,732
Noncurrent Liabilities	<u>34,301,532</u>	<u>35,399,389</u>
Total Liabilities	35,452,541	36,387,121
Total Deferred Inflows of Resources	1,576,458	1,320,142
Net Position:		
Net Investment In Capital Assets	(466,268)	(671,670)
Restricted	2,050,161	2,210,602
Unrestricted	<u>(4,216,474)</u>	<u>(4,231,186)</u>
Total Net Position	<u>\$ (2,632,581)</u>	<u>\$ (2,692,254)</u>

TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Statement of Activities

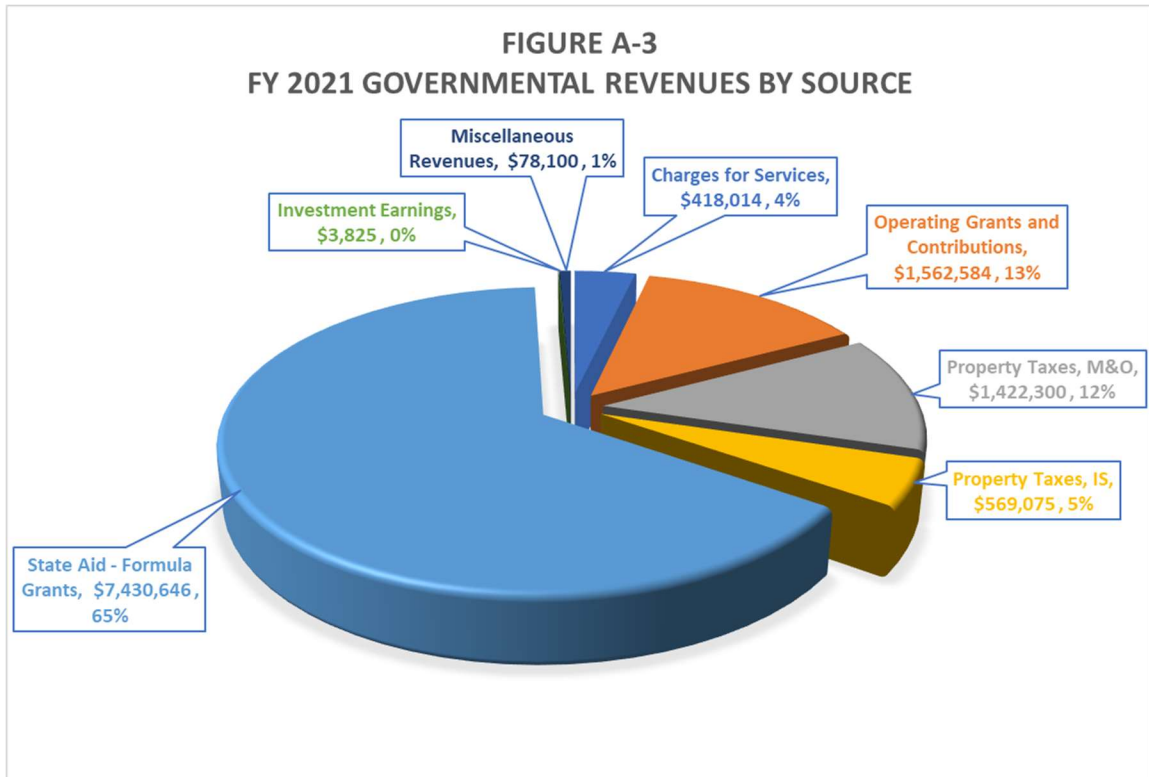
The cost of all governmental activities this year was \$11,424,871. However, as shown in the Statement of Activities, the amount that District taxpayers ultimately financed for these activities through property taxes was \$1,991,375. Some of the costs were paid with charges for services of \$418,014, capital and operating grants and contributions of \$1,562,584, State Aid in the amount of \$7,430,646, and other various general revenues of \$81,925, leaving \$59,673 to fund future District operations.

TABLE II TIOGA INDEPENDENT SCHOOL DISTRICT CHANGES IN NET POSITION		
	<u>Governmental Activities</u>	
Revenues:	<u>2021</u>	<u>2020</u>
Program Revenues:		
Charges for Services	\$ 418,014	\$ 386,328
Operating Grants and Contributions	1,562,584	1,422,958
General Revenues:		
Maintenance and Operations Taxes	\$ 1,422,300	\$ 1,365,636
Debt Service Taxes	569,075	463,495
State aid - formula	7,430,646	7,163,240
Investment Earnings	3,825	20,081
Miscellaneous Revenue	78,100	163,563
Total Revenue	11,484,544	10,985,301
Expenses:		
Instruction	5,609,497	5,646,984
Instructional Resources and Media Services	96,894	97,556
Curriculum and Staff Development	3,068	1,030
School Leadership	562,833	543,109
Guidance, Counseling and Evaluation Services	188,441	185,897
Health Services	125,877	55,632
Student (Pupil) Transportation	156,097	172,122
Food Services	452,945	494,937
Extracurricular Activities	832,449	769,567
General Administration	601,880	600,706
Facilities Maintenance and Operations	905,898	820,140
Security and Monitoring Services	65,376	31,614
Data Processing Services	47,253	44,183
Debt Service - Interest on Long-Term Debt	1,528,325	1,528,928
Contracted Instr. Services Between Schools	116,122	87,947
Pmts to Fiscal Agent/Member Districts of SSA	131,916	114,582
Total Expenses	11,424,871	11,194,934
Increase (Decrease) in Net Position	59,673	(209,633)
Net Position - Beginning of Year	(2,692,254)	(2,482,621)
Net Position - End of Year	(2,632,581)	(2,692,254)

TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Revenues

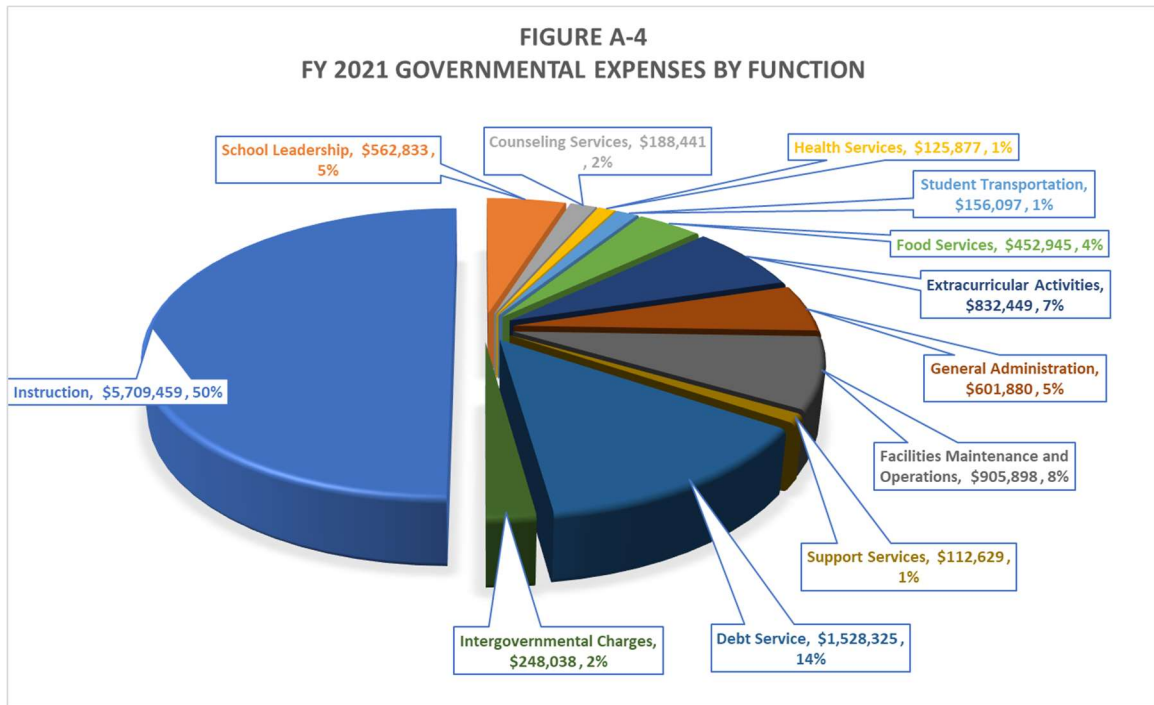
Revenues are generated primarily from two sources (see Figure A-3). State Aid – Formula Grants (\$7,430,646) represent 65 percent of total revenues and property taxes (\$1,991,375) represent 17 percent of total revenues. The remaining 18 percent is generated from charges for services, grants and contributions, investment earnings and miscellaneous revenues.



TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Expenses

The District's expenses by major function are shown below (see Figure A-4). The primary functional expense of the District is instruction (\$5,709,459), which represents 50 percent of total expenses. Debt service (\$1,528,325) represents 14 percent of total expense, facilities operations and maintenance (\$905,898) represent 8 percent and extracurricular activities (\$832,449) represent 7 percent of total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses. The increase in functional expenses is primarily due to the implementation of protocols due to the coronavirus pandemic and the purchase of cleaning supplies and services to mitigate the effects of the pandemic.



TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the District had \$30,444,972 invested in a broad range of capital assets, including land, buildings, equipment, and infrastructure.

TABLE III TIOGA INDEPENDENT SCHOOL DISTRICT CAPITAL ASSETS		
	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 1,618,575	\$ 1,618,575
Buildings & Improvements	33,083,232	33,083,232
Equipment	330,733	330,733
Vehicles	669,098	444,573
Totals at Historical Cost	█ 35,701,638	█ 35,477,113
Less: Accumulated Depreciation	(5,256,666)	(4,457,853)
Net Capital Assets	<u>\$ 30,444,972</u>	<u>\$ 31,019,260</u>

Debt

At year end, the District had \$30,911,240 in outstanding debt, as shown in the table below. More detailed information about the District's debt is presented in the notes to the financial statements.

TABLE IV TIOGA INDEPENDENT SCHOOL DISTRICT DEBT		
	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Bonds Payable	\$ 33,197,734	\$ 33,860,193
Loans Payable	657,178	544,498
Accreted Interest	1,289	374,983
Bond Premium (Discount)	1,062,243	314,975
Refunding Gain (Loss)	(4,007,204)	(3,403,719)
Total Debt Payable	█ <u>\$ 30,911,240</u>	█ <u>\$ 31,690,930</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$1,710,742, an increase of \$113,187 over last year's total of \$1,597,555. Included in this year's total change in fund balance is an increase of \$228,558 in the District's General Fund. This overall increase is primarily due to a

TIOGA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

high percentage of tax collections relative to taxes levied, and conservative administration of expenditures in all functions.

For fiscal year 2021, actual expenditures on a budgetary basis for the General Fund were \$10,039,584, compared to the final amended budgeted expenditures of \$10,168,105. Actual revenue on a budgetary basis was \$9,636,770 compared to the final amended budget of \$10,179,360. Reasons for the actual numbers varying from the budget follow:

Taxes collected during the current year and state program revenues fell short of the amounts budgeted. State program revenues fell primarily due to tighter enrollment due to the coronavirus pandemic.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's 2021 Maintenance and Operations tax rate decreased to \$0.9898 per \$100 property valuation. The Debt Service tax rate was maintained at \$0.3600 per \$100 property valuation, for an overall decrease in the tax rate.

The Maintenance and Operations expenditure budget has increased approximately 8.75 percent from fiscal year 2020 actual expenditures due primarily to the need for increased disinfection and cleaning due to the coronavirus pandemic.

The State has increased funding levels for the 2020-2021 biennium, which will affect the revenue levels of the District. The level of funding per attendance credits increased significantly. With these increases, the state-imposed requirements to spend at least 30% of the new funding on salaries to personnel with at least 75% of the 30% to be for teachers and other designated classes of employees. With these increases in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

Management has evaluated all events or transactions that occurred after June 30, 2021, up through November 19, 2021, the date the financial statements were issued. The global outbreak of coronavirus disease 2020 ("COVID-19") continues to present various global risks. Management of the District is actively monitoring the impact of global supply chain issues and national vaccine mandates on its financial condition, liquidity, operations, supplies, vendors, and industry. Given the evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects, if any, of the COVID-19 outbreak on its results of operations and financial condition.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the funding it receives. If you have questions about this report or need additional financial information, contact the District's administrative office, at Tioga Independent School District, P.O. Box 159, Tioga, Texas 76271, (940) 437-2366.

BASIC FINANCIAL STATEMENTS

TIOGA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,418,353
1220 Property Taxes - Delinquent	115,075
1230 Allowance for Uncollectible Taxes	(5,754)
1240 Due from Other Governments	813,768
Capital Assets:	
1510 Land	1,618,575
1520 Buildings, Net	28,459,566
1530 Furniture and Equipment, Net	114,939
1540 Other Capital Assets, Net	251,892
1000 Total Assets	32,786,414
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	775,968
1706 Deferred Outflow Related to TRS OPEB	834,036
1700 Total Deferred Outflows of Resources	1,610,004
LIABILITIES	
2110 Accounts Payable	84,330
2140 Interest Payable	607,998
2160 Accrued Wages Payable	390,036
2200 Accrued Expenses	11,265
2300 Unearned Revenue	57,380
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	775,830
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	30,135,410
2540 Net Pension Liability (District's Share)	1,556,610
2545 Net OPEB Liability (District's Share)	1,833,682
2000 Total Liabilities	35,452,541
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	233,734
2606 Deferred Inflow Related to TRS OPEB	1,342,724
2600 Total Deferred Inflows of Resources	1,576,458
NET POSITION	
3200 Net Investment in Capital Assets	(466,268)
3850 Restricted for Debt Service	2,050,161
3900 Unrestricted	(4,216,474)
3000 Total Net Position	\$ (2,632,581)

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

TIOGA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6	
		Expenses	3 Charges for Services	4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 5,609,497	\$ 260,427	\$ 760,365	\$ (4,588,705)
12	Instructional Resources and Media Services	96,894	-	8,486	(88,408)
13	Curriculum and Instructional Staff Development	3,068	-	130	(2,938)
23	School Leadership	562,833	-	59,947	(502,886)
31	Guidance, Counseling, and Evaluation Services	188,441	-	19,467	(168,974)
33	Health Services	125,877	-	13,221	(112,656)
34	Student (Pupil) Transportation	156,097	-	20,915	(135,182)
35	Food Services	452,945	137,735	219,165	(96,045)
36	Extracurricular Activities	832,449	19,852	171,668	(640,929)
41	General Administration	601,880	-	41,427	(560,453)
51	Facilities Maintenance and Operations	905,898	-	62,911	(842,987)
52	Security and Monitoring Services	65,376	-	27,777	(37,599)
53	Data Processing Services	47,253	-	2,007	(45,246)
72	Debt Service - Interest on Long-Term Debt	1,513,675	-	155,098	(1,358,577)
73	Debt Service - Bond Issuance Cost and Fees	11,800	-	-	(11,800)
81	Capital Outlay	2,850	-	-	(2,850)
91	Contracted Instructional Services Between Schools	116,122	-	-	(116,122)
93	Payments Related to Shared Services Arrangements	131,916	-	-	(131,916)
	[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 11,424,871</u>	<u>\$ 418,014</u>	<u>\$ 1,562,584</u>	<u>\$ (9,444,273)</u>
	Data Control Codes	General Revenues:			
		Taxes:			
	MT	Property Taxes, Levied for General Purposes		1,422,300	
	DT	Property Taxes, Levied for Debt Service		569,075	
	SF	State Aid - Formula Grants		7,430,646	
	IE	Investment Earnings		3,825	
	MI	Miscellaneous Local and Intermediate Revenue		78,100	
	TR	Total General Revenues		<u>9,503,946</u>	
	CN	Change in Net Position		59,673	
	NB	Net Position - Beginning		<u>(2,692,254)</u>	
	NE	Net Position - Ending		<u>\$ (2,632,581)</u>	

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

TIOGA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,131,545	\$ 283,790	\$ 22,838
1220 Property Taxes - Delinquent	84,923	30,152	-
1230 Allowance for Uncollectible Taxes	(4,246)	(1,508)	-
1240 Due from Other Governments	675,031	-	-
1260 Due from Other Funds	-	1,816,016	1,288,799
1000 Total Assets	<u>\$ 1,887,253</u>	<u>\$ 2,128,450</u>	<u>\$ 1,311,637</u>
LIABILITIES			
2110 Accounts Payable	\$ 74,465	\$ (2)	\$ (1)
2160 Accrued Wages Payable	367,393	-	-
2170 Due to Other Funds	1,793,177	-	1,311,638
2200 Accrued Expenditures	11,265	-	-
2300 Unearned Revenue	-	57,380	-
2000 Total Liabilities	<u>2,246,300</u>	<u>57,378</u>	<u>1,311,637</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	59,376	20,911	-
2600 Total Deferred Inflows of Resources	<u>59,376</u>	<u>20,911</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	2,050,161	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	(418,423)	-	-
3000 Total Fund Balances	<u>(418,423)</u>	<u>2,050,161</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,887,253</u>	<u>\$ 2,128,450</u>	<u>\$ 1,311,637</u>

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

Other Funds	Total Governmental Funds
\$ (33,416)	\$ 1,404,757
-	115,075
-	(5,754)
138,737	813,768
-	3,104,815
<u>\$ 105,321</u>	<u>\$ 5,432,661</u>
\$ 3,674	\$ 78,136
22,643	390,036
-	3,104,815
-	11,265
-	57,380
<u>26,317</u>	<u>3,641,632</u>
-	80,287
<u>-</u>	<u>80,287</u>
-	2,050,161
79,004	79,004
-	(418,423)
<u>79,004</u>	<u>1,710,742</u>
<u>\$ 105,321</u>	<u>\$ 5,432,661</u>

TIOGA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	1,710,742
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		7,402
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$35,477,113 and the accumulated depreciation was (\$4,457,853). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.		(671,670)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase net position.		972,522
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$1,078,865, a Deferred Resource Inflow in the amount of \$367,837 and a net pension liability in the amount of \$1,507,295. The impact of this on Net Position is (796,267). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$218,109). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$1,014,376).		(1,014,376)
5 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$1,833,682, a deferred outflow of \$834,036 and a deferred inflow of \$1,342,724. This resulted in a difference between the ending fund balance and the ending net position of (2,342,370).		(2,342,370)
6 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(802,063)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(492,768)
19 Net Position of Governmental Activities	\$	(2,632,581)

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

TIOGA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,850,953	\$ 565,405	\$ 5
5800 State Program Revenues	7,785,817	155,099	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	9,636,770	720,504	5
EXPENDITURES:			
Current:			
0011 Instruction	4,754,394	-	-
0012 Instructional Resources and Media Services	74,185	-	-
0013 Curriculum and Instructional Staff Development	3,068	-	-
0023 School Leadership	525,271	-	-
0031 Guidance, Counseling, and Evaluation Services	177,103	-	-
0033 Health Services	117,404	-	-
0034 Student (Pupil) Transportation	259,594	-	-
0035 Food Services	12,865	-	-
0036 Extracurricular Activities	664,585	-	-
0041 General Administration	547,285	-	-
0051 Facilities Maintenance and Operations	870,362	-	-
0052 Security and Monitoring Services	40,376	-	-
0053 Data Processing Services	40,970	-	-
Debt Service:			
0071 Principal on Long-Term Debt	497,317	240,001	-
0072 Interest on Long-Term Debt	1,195,767	140,144	-
0073 Bond Issuance Cost and Fees	11,000	800	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	2,850
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	116,122	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	131,916	-	-
6030 Total Expenditures	10,039,584	380,945	2,850
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(402,814)	339,559	(2,845)
OTHER FINANCING SOURCES (USES):			
7913 Capital Leases	195,000	-	-
7915 Transfers In	500,000	-	2,845
8911 Transfers Out (Use)	(63,628)	(500,000)	-
7080 Total Other Financing Sources (Uses)	631,372	(500,000)	2,845
1200 Net Change in Fund Balances	228,558	(160,441)	-
0100 Fund Balance - July 1 (Beginning)	(646,981)	2,210,602	-
3000 Fund Balance - June 30 (Ending)	\$ (418,423)	\$ 2,050,161	\$ -

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

	Other Funds	Total Governmental Funds
\$	192,793	\$ 2,609,156
	58,314	7,999,230
	350,883	350,883
	601,990	10,959,269
	187,548	4,941,942
	-	74,185
	-	3,068
	-	525,271
	-	177,103
	-	117,404
	-	259,594
	402,983	415,848
	2,172	666,757
	-	547,285
	-	870,362
	25,000	65,376
	-	40,970
	-	737,318
	-	1,335,911
	-	11,800
	-	2,850
	-	116,122
	-	131,916
	617,703	11,041,082
	(15,713)	(81,813)
	-	195,000
	60,783	563,628
	-	(563,628)
	60,783	195,000
	45,070	113,187
	33,934	1,597,555
\$	79,004	\$ 1,710,742

TIOGA INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	113,187
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.</p>		
		(283)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase net position.</p>		
		972,522
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(802,063)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.</p>		
		18,977
<p>Current year changes due to GASB 68 increased revenues in the amount of \$171,696 but also increased expenditures in the amount of \$389,805. The net effect on the change in the ending net position was a decrease in the amount of \$218,109.</p>		
		(218,109)
<p>Current year changes due to GASB 75 increased revenues in the amount of \$41,814 but also increased expenditures in the amount of \$66,372. The net effect on the change in the ending net position was a decrease in the amount of \$24,558.</p>		
		(24,558)
Change in Net Position of Governmental Activities	\$	59,673

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

TIOGA INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 13,596
Total Assets	<u>13,596</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	6,194
Total Liabilities	<u>6,194</u>
NET POSITION	
Unrestricted Net Position	7,402
Total Net Position	<u><u>\$ 7,402</u></u>

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

TIOGA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 29,531
Total Operating Revenues	29,531
OPERATING EXPENSES:	
Other Operating Costs	29,814
Total Operating Expenses	29,814
Operating Income (Loss)	(283)
Total Net Position July 1 (Beginning)	7,685
Total Net Position June 30 (Ending)	\$ 7,402

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

TIOGA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 29,531
Cash Payments for Other Operating Expenses	(29,814)
Net Cash Used for Operating Activities	(283)
Net Decrease in Cash and Cash Equivalents	(283)
Cash and Cash Equivalents at Beginning of Year	13,879
Cash and Cash Equivalents at End of Year	\$ 13,596
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ 13,596
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss)	\$ (283)

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

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tioga 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 (the "Board") 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") and other authoritative sources identified in GASB Statement No. 76, and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board of School Trustees (the "Board") is elected by the public and as the authority to make decision, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB).

In accordance with GASB, a financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the District are financially accountable, or for which the relationship to the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize they are legally separate from the school district. Blended component units, although a legally separate entity, are in substance a part of the District's operations, and thus the data is combined with data of the primary government. The criteria used to determine whether an organization is a component unit of the District includes:

- financial accountability of the District for the component unit
- whether the District appoints a voting majority of the entity's board
- the ability to impose the District's will on the component unit
- fiscal dependency criterion
- if it is a financial benefit to or burden to the District
- and whether services are provided entirely or almost entirely to the District

The Tioga Independent School District Public Facility Corporation (the "PFC") was incorporated on December 5, 2015. The PFC is a non-profit public corporation organized exclusively to act on behalf of the District to finance, refinance, or provide the costs of certain public facilities.

For financial reporting purposes, the PFC is included as a blended component unit in the operations and activities of the District. The criteria used to include the Public Facility Corporation as a blended component unit of the District include:

- the District appoints a voting majority of the Public Facility Corporation's governing body
- the District is able to impose its will on the Public Facility Corporation
- the Public Facility Corporation serves the District exclusively as a financing vehicle for capital projects.

The PFC's data is included in the Other Funds column of the governmental funds' financial statements. Financial information for the PFC may be obtained from the District's business office.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Basis of Presentation

Government-wide Statements – The statement of net position (“SNP”) and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. This is a budgeted fund and a separate bank account is maintained for this fund.

Debt Service Fund – This is used to account for tax revenues and for the payment of principal, interest and related costs on long-term debts for which a tax has been dedicated. Any unused debt service fund balances are transferred to the General Fund after all of the related debt obligations have been met. This is a budgeted fund and a separate bank account is maintained for this fund.

Capital Projects Fund – This fund is used to account for proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions. Upon completion of a projects, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

In addition, the District reports the following fund types as Other Funds:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Board can commit specific types of resources to specific purposes which are included as special revenue funds. The District’s Food Service Fund is considered a special revenue fund since it meets the following criteria:

- User fees are charged to supplement the National School Lunch Program (NSLP),
- The General Fund may subsidize the Food Service Program for expenditures in excess of NSLP, and
- Food Service fund balances are used exclusively for child nutrition program purposes.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

ESSER - School Emergency Relief - This fund is part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. It provides funds to help Local Education Agencies prevent, prepare for and respond to the COVID-19 pandemic and to the greatest extent practicable, continue to pay employees during the period of any disruptions or closures related to Coronavirus (CARES Act, Section 18003)(CFDA 84.425D).

The Tioga Independent School District Public Facility Corporation (the "PFC") – Accounts for a non-profit public facility corporation to act on behalf of the District to finance, refinance, or provide the costs of certain public facilities.

Proprietary Funds:

Internal Service Funds – These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Workers' Compensation Fund - This fund accounts for all financial activity associated with the District's self-insured workers' compensation plan.

The internal service fund is a type of proprietary fund. Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Measurement Focus – Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and deferred outflows of resources; and liabilities and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; Le., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

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.

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

Budgetary Data

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

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 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. 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.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Food Service Fund, and the Debt Service Fund. The special revenue funds 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. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

Cash and Cash Equivalents

For presentation in the financial statements, investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with a maturity of more than three months are reported as investments. Investments are recorded at fair value, which is based on quoted market prices.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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. The District had no material encumbrances outstanding at June 30, 2021.

Inventories

The District records purchases of supplies as expenditures.

Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account.

Fund Balances

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects resources are restricted for future capital outlay.

Committed fund balance - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.

This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other

TIOGA INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2021

individuals in the District. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned fund balance - This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvement	15-50 years
Vehicles	5-10 years
Other Equipment	3-15 years

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted net position is available, restricted net position is expended before unrestricted net position if such use is consistent with the restricted purpose.

TIOGA INDEPENDENT SCHOOL DISTRICT
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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 deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses as incurred.

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

Risk Management

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

TIOGA INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2021

Implementation of New Accounting Standards

GASB Statement No. 84, Fiduciary Activities (GASB 84), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018; however, issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95), extended the effective date of GASB 84 to reporting periods beginning after December 15, 2019, with earlier application encouraged. GASB 84 was implemented in the District's 2020-21 financial statements, however, the District did not identify any activities meeting the criteria above resulting in no cumulative effect adjustment reported as of July 1, 2020.

B. DEPOSITS, SECURITIES AND INVESTMENTS

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

Cash Deposits

On June 30, 2021, the carrying amount of the District's deposits (checking accounts and interest-bearing demand accounts) was \$1,404,757 and the bank balance was \$1,532,861. The District's cash deposits at June 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

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

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

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

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a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At June 30, 2021, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

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

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At June 30, 2021, the District had no exposure to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. At June 30, 2021, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2021, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2021, the District was not exposed to foreign currency risk.

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District had no investments as of June 30, 2021. Certificates of Deposit held in prior years were disbursed for completion of the new High School.

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C. DEPOSITS, SECURITIES AND INVESTMENTS – TISD Public Facilities Corporation (“PFC”)

Cash Deposits

On June 30, 2021, the carrying amount of the PFC’s deposits (checking accounts and interest-bearing demand accounts) was \$0.00 and the bank balance was \$0.00. The PFC’s cash deposits at June 30, 2021, were entirely covered by FDIC insurance.

Investments

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

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At June 30, 2021, the PFC was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the PFC’s name. On June 30, 2021, the PFC’s cash deposits totaled \$0.00. Thus, the PFC’s deposits were not exposed to custodial credit risk as of June 30, 2021. The PFC’s deposits were fully collateralized with securities held by the PFC’s agent or covered by FDIC Insurance throughout the fiscal year.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the PFC’s name. On June 30, 2021, the PFC held no investments in certificates of deposit.

c. Concentration of Credit Risk

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This risk is the risk of loss attributed to the magnitude of the PFC's investment in a single issuer. Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. At June 30, 2021, the PFC was not exposed to concentration of credit risk.

d. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2021, the PFC was not exposed to foreign currency risk.

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

D. PROPERTY TAXES

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property 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 upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting these criteria may not be canceled if litigation concerning these taxes is pending. The District levied taxes on property within the District at \$0.9898 to fund general operations, and \$0.3600 for debt service. The rates were levied on property assessed totaling \$142,960,421.

TIOGA INDEPENDENT SCHOOL DISTRICT
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E. CAPITAL ASSETS

Capital asset activities during the year ended were as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<i>Governmental Activities</i>				
<i>Non-depreciable Capital Assets</i>				
Land	\$ 1,618,575	\$ -	\$ -	\$ 1,618,575
Total Non-Depreciable Assets	1,618,575	-	-	1,618,575
<i>Capital Assets being Depreciated</i>				
Buildings & Improvements	33,083,232			33,083,232
Equipment	330,733			330,733
Vehicles	444,573	236,525	12,000	669,098
Total Depreciable Assets	33,858,538	236,525	12,000	34,083,063
<i>Less Accumulated Depreciation</i>				
Buildings & Improvements	3,899,868	723,798		4,623,666
Equipment	195,910	19,884		215,794
Vehicles	362,075	58,381	3,250	417,206
Total Accumulated Depreciation	4,457,853	802,063	3,250	5,256,666
Total Depreciable, Net	29,400,685	(565,538)	8,750	28,826,397
Governmental Activities, Net	\$ 31,019,260	\$ (565,538)	\$ 8,750	\$ 30,444,972

Depreciation was charged to governmental activities as follows:

Instruction	\$ 474,444
Instructional Resources & Media Services	19,230
School Leadership	9,722
Guidance, Counseling & Evaluation Services	1,725
Health Services	1,512
Student Transportation	91,503
Food Services	21,353
Cocurricular/Extracurricular Activities	143,815
General Administration	11,688
Plant Maintenance and Operations	20,788
Data Processing Services	6,283
	<u>\$ 802,063</u>

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

F. LONG-TERM DEBT

Long-term obligation activities during the year were as follows:

<u>Governmental Activities</u>	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Bonds Payable					
Series 2011 - 2% - 4%	\$ 1,685,000	\$ -	\$ 1,685,000	\$ -	-
Series 2013 - 2% - 4%	1,805,193	-	1,805,193	-	-
Series 2015 - 2% - 5%	2,295,000	-	140,000	2,155,000	145,000
Series 2019 PFC - 3% - 4.5%	28,075,000	-	415,000	27,660,000	435,000
Series 2021 - 3% - 5%	-	3,382,734	-	3,382,734	75,000
Bonds Payable - Total	33,860,193	3,382,734	4,045,193	33,197,734	655,000
Loans Payable - 3.43% - 3.89%	544,498	195,000	82,320	657,178	120,830
Accreted Interest	374,983	1,289	374,983	1,289	-
Bond Premium (Discount)	314,975	793,374	46,106	1,062,243	-
Refunding (Gain) Loss	(3,403,719)	(783,493)	(180,008)	(4,007,204)	-
Total Governmental Activities	\$ 31,690,930	\$ 3,588,904	\$ 4,368,594	\$ 30,911,240	\$ 775,830

Bonds Payable

On January 15, 2021, The District issued \$3,382,734 in Unlimited Tax School Refunding Bonds, Series 2021 for debt service savings on the shorter maturities and to restructure debt service on the longer maturities and pay costs of issuance on the bonds. The bonds, payable in August and February of each year, carry interest rates of 3.0% to 5.0% and mature on August 15, 2038. The 2021 series include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature variously in 2022 through 2027. Interest accrues on these bonds each year even though the interest is not paid until maturity.

On April 10, 2019, the Tioga Independent School District Public Facility Corporation issued \$28,075,000 (par value) in Lease Revenue Refunding Bonds to refund the TISD PFC School Facility Lease Revenue Bonds, Series 2016 for debt service savings on the shorter maturities and to restructure debt service on the longer maturities and to pay costs of issuance on the bonds. The bonds, payable in August and February of each year, carry interest rates of 3.0% to 4.5% and mature on August 15, 2041.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are several limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2020.

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Maturity requirements on Bonds outstanding at year end are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2022	\$ 655,000	\$ 1,316,119	\$ 1,971,119
2023	636,954	1,336,640	1,973,594
2024	656,493	1,337,451	1,993,944
2025	679,311	1,312,033	1,991,344
2026	1,004,148	1,291,171	2,295,319
2027 - 2031	7,555,828	5,379,216	12,935,044
2032 - 2036	9,585,000	3,502,176	13,087,176
2037 - 2041	10,330,000	1,423,038	11,753,038
2042 - 2046	2,095,000	41,900	2,136,900
Total	\$ 33,197,734	\$ 16,939,744	\$ 50,137,478

Loans Payable

The District executed a lease agreement with Government Capital Corporation in the amount of \$195,000 for the acquisition of two new buses. The lease calls for annual payments of \$ 45,003 and bears an interest rate of 4.97%. The outstanding balance at year end was \$195,000.

Maturity requirements on loans outstanding at year end are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2022	\$ 120,830	\$ 27,670	\$ 148,500
2023	125,912	22,589	148,501
2024	131,210	17,290	148,500
2025	136,734	11,766	148,500
2026	142,495	6,006	148,501
Total	\$ 657,181	\$ 85,321	\$ 742,502

G. RISK MANAGEMENT

Health Care

During the year ended June 30, 2021, employees of Tioga Independent School District were covered by a health insurance plan (the “Plan”). The District contributed from \$325 to \$376 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contributions. All contributions were paid to a fully insured plan (“TRS ActiveCare”).

Workers Compensation

During the year ended June 30, 2021, Tioga ISD met its statutory workers' compensation obligations 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 Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code.

TIOGA INDEPENDENT SCHOOL DISTRICT
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All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher-than-expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2020, the Fund carries a discounted reserve of \$51,639,362 for future development on reported claims that have been incurred but not yet reported.

The Fund's audited financial statements are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Changes in workers compensation claims liability amounts in fiscal years 2021 and 2020 are shown below:

Fiscal Year	Sept 1 Claims Liability	Claims and Changes in Estimates	Claims Payments	Aug 31 Claims Liability
2020	6,194	-	-	6,194
2021	6,194	-	-	6,194

H. DEFINED BENEFIT PENSION PLAN

Plan Description

Tioga Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas ("TRS"). 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

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

TIOGA INDEPENDENT SCHOOL DISTRICT
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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 in (A) above.

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

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

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if it increases the period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceed 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 in the 86th Legislature set contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%. Contribution Rates can be found in the TRS 2020 CAFR, Note 11, on page 82.

TIOGA INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

Contribution Rates

	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
District's 2021 FY Employer Contributions		\$ 145,418
District's 2021 FY Member Contributions		\$ 425,573
Measurement Year NECE On-Behalf Contributions		\$ 305,906

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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 Plan during the fiscal year reduced by the amounts described below which are paid by employers. Employers (including public schools) are required to pay the employer contribution rate in the following instances:

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

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

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

Actuarial Assumptions

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

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used

for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017, and were adopted in July 2018.

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

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

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

The actuarial methods and assumptions 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 TRS actuarial valuation report dated November 14, 2019.

Discount Rate

The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.66% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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 presented in the Asset Allocations the following table from the TRS Comprehensive Annual Financial Report for 2020, page 53.

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FOR THE YEAR ENDED JUNE 30, 2021

Table 3.A.1: Asset Allocations			
Asset Class	Target Allocation¹ %	Long-Term Expected Geometric Real Rate of Return²	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	18.0 %	3.9 %	0.99 %
Non-U.S. Developed	13.0	5.1	0.92
Emerging Markets	9.0	5.6	0.83
Private Equity	14.0	6.7	1.41
Stable Value			
Government Bonds	16.0 %	(0.7)%	(0.05)%
Absolute Return (Including Credit Sensitive Investments)	—	1.8	—
Stable Value Hedge Funds	5.0	1.9	0.11
Real Return			
Real Estate	15.0 %	4.6 %	1.02 %
Energy, Natural Resources, and Infrastructure	6.0	6.0	0.42
Commodities	—	0.8	—
Risk Parity			
Risk Parity	8.0 %	3.0 %	0.30 %
Asset Allocation Leverage			
Cash	2.0 %	(1.5)%	(0.03)%
Asset Allocation Leverage	(6.0)	(1.3)	0.08
Inflation Expectation			2.00 %
Volatility Drag ³			(0.67)%
Expected Return	100.0 %		7.33 %
¹ Target allocations are based on the FY2020 policy model.			
² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).			
³ The volatility drag results from the conversion between arithmetic and geometric mean returns.			

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability. The discount rate can be found in the 2020 TRS CAFR, Note 11, page 84.

	1% Decrease in Discount Rate (6.25%)	Current Single Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$2,400,265	\$1,556,610	\$871,159

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

At June 30, 2021, Tioga Independent School District reported a liability of \$1,556,610 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Tioga Independent School District. The amount recognized by Tioga Independent School District as its proportionate share of the net pension liability, the related State support, and the

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

total portion of the net pension liability that was associated with Tioga Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 1,556,610
State's proportionate share that is associated with the District	<u>3,970,824</u>
Total	<u>\$ 5,527,434</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0029064034% which was an increase of 0.23511978% from its proportion measured as of August 31, 2019.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation – There were no changes in assumptions since the prior measurement date.

Changes in Benefits - In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

For the year ended June 30, 2021, Tioga Independent School District recognized pension expense of \$867,407 and revenue of \$477,602 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2021, Tioga Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 2,842	\$ 43,441
Changes in actuarial assumptions	361,189	153,575
Net Difference between projected and actual investment earnings	31,512	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	255,168	36,718
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	125,257	
Total	\$ 775,968	\$ 233,734

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

Year ended June 30:	Pension Expense Amount
2022	\$ 145,150
2023	138,947
2024	97,359
2025	42,037
2026	(6,302)
Thereafter	(214)

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report (“ACFR”) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; 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 schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

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

TIOGA INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

The premium rates for retirees are presented 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 participating employers based on active employee compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's 2021 FY Employer Contributions	\$	46,068
District's 2021 FY Member Contributions	\$	35,934
Measurement Year NECE On-Behalf Contributions	\$	49,266

The State of Texas contributed \$25,163, \$20,119, and \$13,120 in 2021, 2020, and 2019, respectively, for on-behalf payments for Medicare Part D.

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 employers hire a TRS retiree, they are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree.

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

Actuarial Assumptions

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The total OPEB liability in the August 31, 2019, actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020, TRS pension actuarial valuation:

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

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

Additional Actuarial Methods and Assumptions:

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

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

Discount Rate

A single discount rate of 2.33 percent was used to measure the Total OPEB Liability. There was a decrease of .30 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2020 TRS ACFR on page 76.* 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**

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the Net OPEB Liability:	\$2,200,414	\$1,833,682	\$1,544,016

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$1,497,883	\$1,833,682	\$2,280,918

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

At June 30, 2021, Tioga Independent School District reported a liability of \$1,833,682 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 Tioga Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 1,833,682
State's proportionate share that is associated with the District	<u>2,464,029</u>
Total	<u>\$ 4,297,711</u>

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

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

On August 31, 2020, the employer's proportion of the collective Net OPEB Liability was 0.0048236355% compared to 0.0046544907% as of August 31, 2019. This is an increase of 3.63%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation - The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

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

Changes in Benefit Terms - There were no changes in benefit terms since the prior measurement date.

For the year ended June 30, 2021, Tioga Independent School District recognized OPEB expense of (\$41,814) and revenue of (\$17,109) for support provided by the State.

At June 30, 2021, Tioga Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 96,011	\$ 839,186
Changes in actuarial assumptions	113,100	503,538
Net Difference between projected and actual investment earnings	596	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	584,600	
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	39,729	
Total	<u>\$ 834,036</u>	<u>\$ 1,342,724</u>

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

Year ended June 30:	OPEB Expense Amount
2022	\$ (97,458)
2023	(97,537)
2024	(97,583)
2025	(97,571)
2026	(48,593)
Thereafter	(109,677)

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

J. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables on June 30, 2021, represented short-term advances between funds. These amounts are expected to be repaid in less than one year from June 30, 2021.

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
Due from Other Funds	\$ -	\$ 1,816,016	\$ 1,288,799	\$ -	\$ 3,104,815
Due to Other Funds	1,793,177	-	1,311,638	-	3,104,815
Transfers from Other Funds	500,000	-	2,845	60,783	563,628
Transfers to Other Funds	63,628	500,000	-	-	563,628
Total	\$ 2,356,805	\$ 2,316,016	\$ 2,603,282	\$ 60,783	\$ 7,336,886

During the fiscal year ended June 30, 2020, \$60,783 was transferred from the General Fund to the Child Nutrition Fund. This transfer was made to cover the operating deficit of the Child Nutrition Program.

During the fiscal year ended June 30, 2020, \$2,845 was transferred from the General Fund to the Capital Projects Fund. This transfer was made to cover the operating deficit of the Capital Projects Fund.

K. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2021, are summarized below. All federal grants shown below are passed through the TEA and are reported on the financial statements as Due from Other Governments.

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
State Grants	\$ 675,031	\$ -	\$ -	\$ 138,737	\$ 813,768
Federal Grants	-	-	-	-	-
Local Governments	-	-	-	-	-
Total	\$ 675,031	\$ -	\$ -	\$ 138,737	\$ 813,768

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

L. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
Property Taxes	\$ 1,408,740	\$ 563,658	\$ -	\$ -	\$ 1,972,398
Food Sales	-	-	-	137,735	137,735
Investment Income	2,814	1,006	5	-	3,825
Penalties, Interest and other					
Tax-Related Income	2,048	740	-	-	2,788
Co-Curricular student activities	19,852	-	-	-	19,852
Tuition	245,435	-	-	-	245,435
Lease Income	12,040	-	-	-	12,040
Other	160,027	-	-	55,056	215,083
Total	\$ 1,850,956	\$ 565,404	\$ 5	\$ 192,791	\$ 2,609,156

M. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
State Aid Allotment	\$ -	\$ 57,380	\$ -	\$ -	\$ 57,380
Child Nutrition Receipts	-	-	-	-	-
IMA Allotments	-	-	-	-	-
Total	\$ -	\$ 57,380	\$ -	\$ -	\$ 57,380

TIOGA INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

N. JOINT VENTURES

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Grayson County Special Education SSA	Gunter Independent School District	Special Education
Title I, Part A Improving Basic Programs	Region X ESC	Title I, Part A
Title II, Part A Teacher & Principal Training	Region X ESC	Title II, Part A
Title III, Part A English Language Acquisition	Region X ESC	Title III, Part A

O. LITIGATION

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 on June 30, 2021, 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.

P. SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through November 19, 2021, the date which the financial statements were available for use.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,255,860	\$ 2,255,860	\$ 1,850,953	\$ (404,907)
5800	State Program Revenues	7,923,500	7,923,500	7,785,817	(137,683)
5020	Total Revenues	10,179,360	10,179,360	9,636,770	(542,590)
EXPENDITURES:					
Current:					
0011	Instruction	4,564,908	4,564,908	4,754,394	(189,486)
0012	Instructional Resources and Media Services	72,216	72,216	74,185	(1,969)
0013	Curriculum and Instructional Staff Development	2,500	2,500	3,068	(568)
0023	School Leadership	520,132	520,132	525,271	(5,139)
0031	Guidance, Counseling, and Evaluation Services	169,910	169,910	177,103	(7,193)
0033	Health Services	55,486	55,486	117,404	(61,918)
0034	Student (Pupil) Transportation	90,126	285,926	259,594	26,332
0035	Food Services	12,211	12,211	12,865	(654)
0036	Extracurricular Activities	592,925	592,925	664,585	(71,660)
0041	General Administration	585,109	585,109	547,285	37,824
0051	Facilities Maintenance and Operations	786,782	786,782	870,362	(83,580)
0052	Security and Monitoring Services	62,500	62,500	40,376	22,124
0053	Data Processing Services	33,000	33,000	40,970	(7,970)
Debt Service:					
0071	Principal on Long-Term Debt	107,000	107,000	497,317	(390,317)
0072	Interest on Long-Term Debt	-	-	1,195,767	(1,195,767)
0073	Bond Issuance Cost and Fees	450,000	450,000	11,000	439,000
Capital Outlay:					
0081	Facilities Acquisition and Construction	1,600,000	1,600,000	-	1,600,000
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	150,000	150,000	116,122	33,878
0093	Payments to Fiscal Agent/Member Districts of SSA	117,500	117,500	131,916	(14,416)
6030	Total Expenditures	9,972,305	10,168,105	10,039,584	128,521
1100	Excess (Deficiency) of Revenues Over Expenditures	207,055	11,255	(402,814)	(414,069)
OTHER FINANCING SOURCES (USES):					
7913	Capital Leases	-	195,000	195,000	-
7915	Transfers In	-	-	500,000	500,000
8911	Transfers Out (Use)	-	-	(63,628)	(63,628)
7080	Total Other Financing Sources (Uses)	-	195,000	631,372	436,372
1200	Net Change in Fund Balances	207,055	206,255	228,558	22,303
0100	Fund Balance - July 1 (Beginning)	(646,981)	(646,981)	(646,981)	-
3000	Fund Balance - June 30 (Ending)	\$ (439,926)	\$ (440,726)	\$ (418,423)	\$ 22,303

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.002906403%	0.00289959%	0.00251319%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,556,610	\$ 1,507,295	\$ 1,383,321
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	3,970,824	3,480,117	3,167,915
Total	<u>\$ 5,527,434</u>	<u>\$ 4,987,412</u>	<u>\$ 4,551,236</u>
District's Covered Payroll	\$ 5,333,966	\$ 4,713,811	\$ 3,518,076
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	29.18%	31.98%	39.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<u>FY 2018</u> <u>Plan Year</u>	<u>FY 2017</u> <u>Plan Year</u>	<u>FY 2016</u> <u>Plan Year</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.000270323%	0.0025291%	0.0017523%	0.000474%
\$ 864,346	\$ 955,710	\$ 619,415	\$ 126,612
1,812,676	1,916,262	1,685,546	1,209,293
<u>\$ 2,677,022</u>	<u>\$ 2,871,972</u>	<u>\$ 2,304,961</u>	<u>\$ 1,335,905</u>
\$ 3,141,888	\$ 2,636,080	\$ 2,346,091	\$ 1,843,677
27.51%	36.25%	26.40%	6.87%
82.17%	78.00%	78.43%	83.25%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 125,257	\$ 133,401	\$ 84,663
Contribution in Relation to the Contractually Required Contribution	(125,257)	(133,401)	(84,663)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,333,966	\$ 4,713,811	\$ 3,518,076
Contributions as a Percentage of Covered Payroll	2.35%	2.83%	2.41%

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

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

	2018	2017	2016	2015
\$	89,872	\$ 85,272	\$ 80,685	\$ 51,885
	(89,872)	(85,272)	(80,685)	(51,885)
\$	-	\$ -	\$ -	\$ -
\$	3,571,963	\$ 3,141,888	\$ 2,636,080	\$ 2,346,091
	2.52%	2.71%	3.06%	2.21%

TIOGA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.000048236%	0.000046545%	0.000045264%	\$ 0.000034874%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,833,682	\$ 2,201,164	\$ 2,260,095	\$ 1,516,537
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,464,029	2,924,857	3,000,239	\$ 2,542,846
Total	<u>\$ 4,297,711</u>	<u>\$ 5,126,021</u>	<u>\$ 5,260,334</u>	<u>\$ 4,059,383</u>
District's Covered Payroll	\$ 5,333,966	\$ 4,713,811	\$ 3,518,076	\$ 3,571,963
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	34.38%	46.70%	64.24%	\$ 42.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

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

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

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

	2021	2020	2019	2018
Contractually Required Contribution	\$ 39,729	\$ 35,354	\$ 31,226	\$ 23,217
Contribution in Relation to the Contractually Required Contribution	(39,729)	(35,354)	(31,226)	(23,217)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,333,966	\$ 4,713,811	\$ 3,518,076	\$ 3,571,963
Contributions as a Percentage of Covered Payroll	0.74%	0.75%	0.89%	0.65%

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

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

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT G-6

A. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Benefits Terms:

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

Changes in Assumptions:

There were no changes in actuarial assumptions or other inputs that affected measurement of the total pension liability since prior to the measurement period.

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes of Benefits Terms:

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

Changes in Assumptions:

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

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

**OTHER SUPPLEMENTARY
INFORMATION**

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.47480	73,776,803
2014	1.040000	0.50000	75,685,921
2015	1.040000	0.49000	77,092,417
2016	1.040000	0.49000	85,058,370
2017	1.040000	0.49000	92,274,084
2018	1.040000	0.49000	101,002,387
2019	1.040000	0.49000	111,081,244
2020	1.060000	0.36000	126,000,499
2021 (School year under audit)	0.989800	0.36000	142,960,421
1000 TOTALS			

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 12,064	\$ -	\$ 33	\$ 12	\$ (2,148)	\$ 9,871
773	-	16	7	-	750
2,339	-	16	8	-	2,315
2,073	-	16	8	-	2,049
2,699	-	2	1	-	2,696
4,512	-	1,248	587	-	2,677
5,446	-	1,678	791	-	2,977
9,140	-	3,820	1,170	(536)	3,614
68,394	-	38,535	13,079	286	17,066
-	1,943,505	1,369,398	497,856	(5,191)	71,060
<u>\$ 107,440</u>	<u>\$ 1,943,505</u>	<u>\$ 1,414,762</u>	<u>\$ 513,519</u>	<u>\$ (7,589)</u>	<u>\$ 115,075</u>

TIOGA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 120,000	\$ 120,000	\$ 137,735	\$ 17,735
5800	State Program Revenues	1,700	1,700	1,694	(6)
5900	Federal Program Revenues	185,000	185,000	202,771	17,771
5020	Total Revenues	306,700	306,700	342,200	35,500
EXPENDITURES:					
Current:					
0035	Food Services	367,881	367,881	402,983	(35,102)
6030	Total Expenditures	367,881	367,881	402,983	(35,102)
1100	Excess (Deficiency) of Revenues Over Expenditures	(61,181)	(61,181)	(60,783)	398
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	60,783	60,783
1200	Net Change in Fund Balances	(61,181)	(61,181)	-	61,181
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ (61,181)	\$ (61,181)	\$ -	\$ 61,181

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 451,300	\$ 451,300	\$ 565,405	\$ 114,105
5800 State Program Revenues	250,000	250,000	155,099	(94,901)
5020 Total Revenues	701,300	701,300	720,504	19,204
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	275,000	275,000	240,001	34,999
0072 Interest on Long-Term Debt	-	-	140,144	(140,144)
0073 Bond Issuance Cost and Fees	-	-	800	(800)
6030 Total Expenditures	275,000	275,000	380,945	(105,945)
1100 Excess of Revenues Over Expenditures	426,300	426,300	339,559	(86,741)
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	(500,000)	(500,000)
1200 Net Change in Fund Balances	426,300	426,300	(160,441)	(586,741)
0100 Fund Balance - July 1 (Beginning)	2,210,602	2,210,602	2,210,602	-
3000 Fund Balance - June 30 (Ending)	\$ 2,636,902	\$ 2,636,902	\$ 2,050,161	\$ (586,741)

**REPORTS ON COMPLIANCE AND
INTERNAL CONTROLS**



701 Mohawk Drive
Tioga, Texas 76271
(972) 251-3058

Member:
American Institute of Certified Public Accountants
Governmental Audit Quality Center
Texas Society of Certified Public Accountants

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
Tioga Independent School District
405 N Florence Street
Tioga, Texas 76271

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 Tioga Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Tioga Independent School District's basic financial statements, and have issued our report dated November 19, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Shawn D. Nesmith, CPA, PLLC

Shawn D. Nesmith, CPA, PLLC
Tioga, Texas

November 19, 2021



Shawn D. Nesmith
CPA · PLLC

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Member:
American Institute of Certified Public Accountants
Governmental Audit Quality Center
Texas Society of Certified Public Accountants

*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
Tioga Independent School District
405 N Florence Street
Tioga, Texas 76271

Report on Compliance for Each Major Federal Program

We have audited Tioga 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 June 30, 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state 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 the Title 2 U.S. *Code of Federal of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* "(Uniform Guidance)". Those standards and compliance requirements 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 the major state programs 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 on 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 June 30, 2021.

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 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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state 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 state 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 deficiencies, significant deficiencies, or material weaknesses. 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.

Purpose of this Report

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 testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Shawn D. Nesmith, CPA, PLLC

Shawn D. Nesmith, CPA, PLLC
Tioga, Texas

November 19, 2021

TIOGA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Financial Statements

1. Type of auditor's report issued on the financial statements: **Unmodified**
2. Internal control over financial reporting:
 - a. Material weakness(es) identified: **None**
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses: **None reported**
3. Noncompliance which is material to the financial statements: **None**
4. Any findings which are required to be reported in accordance with *Generally Accepted Auditing Standards*? **No**

Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified: **None**
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses: **None reported**
2. Type of auditor's report issued on compliance for major programs: **Unmodified**
3. Any audit findings which are required to be reported in accordance with 2 CFR 200.516(a)? **No**
4. Major programs include:

Child Nutrition Cluster
AFLN 10.553 School Breakfast Program
AFLN 10.555 National School Lunch Program – Cash Assistance
5. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
6. Low risk auditee: **Yes**

TIOGA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

PRIOR YEAR FINDINGS

NONE

FEDERAL AWARDS SECTION

TIOGA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
ENTER NAME OF DEPARTMENT			
<u>Direct Programs</u>			
REAP	FD289	S358A194440	\$ 35,842
Total Direct Programs			<u>35,842</u>
TOTAL ENTER NAME OF DEPARTMENT			<u>35,842</u>
 U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101091907	1,077
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101091907	52,985
Total Assistance Listing Number 84.010A			<u>54,062</u>
Title III, Part A - English Language Acquisition	84.365A	21671001091907	2,426
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501091907	2
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501091907	508
Total Assistance Listing Number 84.367A			<u>510</u>
Elementary & Secondary School Emergency Relief Fd	84.425D	20521001057950	28,436
Total Passed Through State Department of Education			<u>85,434</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>85,434</u>
 U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	091-907	48,712
*National School Lunch Program - Cash Assistance	10.555	091-907	154,059
Total Child Nutrition Cluster			<u>202,771</u>
Total Passed Through the State Department of Agriculture			<u>202,771</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>202,771</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u><u>\$ 324,047</u></u>

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

TIOGA INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT K-2

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Tioga Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (“CFR”) Part 200 *Uniform Administrative Requirements*. Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. No provision has been made for amounts on hand at year end.

SCHOOLS FIRST QUESTIONNAIRE

Tioga Independent School District

Fiscal Year 2021

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$1,289