

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2021*



Matagorda Independent School District

Matagorda Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2021

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*Introductory Section*



Matagorda Independent School District

CERTIFICATE OF BOARD

Matagorda Independent School District  
Name of School District

Matagorda  
County

158-904  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on the 10 day of November, 2021.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):  
(attach list as necessary)



Matagorda Independent School District



*Financial Section*



Matagorda Independent School District

*Harry Afadapa & Associates, PC*  
*Certified Public Accountants*  
*12345 Jones Road, Suite 215*  
*Houston, Texas 77070*  
*(832) 960 -7977~www.afadapa.com*

**Independent Auditor's Report**

To the Board of Trustees  
Matagorda Independent School District  
P.O. Box 657  
Matagorda, Texas 77457

**Report on the Audit of the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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 District'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 District'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 Matagorda Independent School District as of August 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Matagorda Independent School District's basic financial statements. The introductory section and combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of Matagorda Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Matagorda Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Harry Afadapa & Associates, PC  
Houston, Texas  
October 29, 2021

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2021

This discussion and analysis of the Matagorda Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2021. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

### Overview of the Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Matagorda Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Matagorda Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Matagorda Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2021

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-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.

## District-wide Financial Analysis

### MATAGORDA INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities		Variance
	8/31/21	8/31/20	
Current and other assets	\$ 787,591	\$ 716,990	\$ 70,601
Capital assets	4,596,197	4,744,318	(148,121)
Total assets	<u>5,383,788</u>	<u>5,461,308</u>	<u>(77,520)</u>
Deferred outflows of resources	<u>276,635</u>	<u>317,436</u>	<u>(40,801)</u>
Current liabilities	261,063	253,991	7,072
Noncurrent liabilities	4,909,541	5,189,580	(280,039)
Total liabilities	<u>5,170,604</u>	<u>5,443,571</u>	<u>(272,967)</u>
Deferred Inflows of resources	<u>451,466</u>	<u>388,703</u>	<u>62,763</u>
Net position:			
Net investment in capital assets	654,862	622,787	32,075
Restricted	236,236	245,269	(9,033)
Unrestricted	(852,745)	(921,586)	68,841
Total net position	\$ <u>38,353</u>	\$ <u>(53,530)</u>	\$ <u>91,883</u>

Current and other assets increased by \$70,601 due to \$77,193 increase in cash and cash equivalent activity when compared to prior year and a \$12,414 reduction property tax receivable balance in 2021 fiscal when compared to 2020. Noncurrent assets - Capital assets decreased by \$148,121 due to the recognition of depreciation expense. In compliance with GASB Statement 68 "Accounting and Financial Reporting for Pension, and GASB Statement 68 "Accounting and Financial Reporting for Other Postemployment Benefit other than pension", the District had an aggregate decrease of \$40,801 when compared to prior year. Noncurrent liabilities decreased by \$280,039 which was the result annual payment on debt obligations, and the aggregate change net effect in Pension and OPEB liabilities.

Net position may serve over time as a useful indicator of a district's financial position. In the case of Matagorda Independent School District, in fiscal year 2021, the total assets exceeded aggregate liability and net position by \$38,353. The net position amount consist of \$654,862 which represents net investment in capital assets. The District uses capital assets to provide services to students; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining balance, \$236,236 is restricted

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2021

for future debt payments and the unrestricted net position is a negative balance of \$852,745 which was an improvement from a negative balance of \$921,586 brought forward from prior year.

## MATAGORDA INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities		Variance
	8/31/21	8/31/20	
Revenues:			
Program Revenues:			
Charges for services	\$ 4,274	\$ 8,945	\$ (4,671)
Operating grants & contributions	359,321	563,791	(204,470)
General Revenues:			
Property taxes	3,247,409	3,127,939	119,470
Investment earnings	10,036	9,332	704
Grants & contributions not restricted for specific purpose	82,739	56,962	25,777
Miscellaneous	74,947	47,409	27,538
Total revenues	<u>3,778,726</u>	<u>3,814,378</u>	<u>(35,652)</u>
Expenses:			
Instruction	1,011,630	1,232,052	(220,422)
Instructional resources & media	266	4,008	(3,742)
Curriculum and staff development	1,752	7,092	(5,340)
School leadership	200,509	246,884	(46,375)
Health Services	4,941	3,992	949
Student transportation	29,162	35,589	(6,427)
Food service	83,405	119,651	(36,246)
Co curricular/Extracurricular	416	3,648	(3,232)
General administration	215,124	211,111	4,013
Plant maintenance & operations	273,648	312,339	(38,691)
Security and Monitoring Services	23,722	-	23,722
Data processing services	33,916	23,551	10,365
Community services	3	42	(39)
Interest on long-term debt	121,962	127,110	(5,148)
Bond issuance costs and fees	750	750	-
Capital outlay	-	-	-
Contracted Instructional Services	1,560,043	1,587,306	(27,263)
Payments to SSA	90,806	107,330	(16,524)
Other intergovernmental charges	34,792	34,178	614
Total expenses	<u>3,686,847</u>	<u>4,056,633</u>	<u>(369,786)</u>
Change in net position	91,879	(242,255)	334,134
Net position - beginning	(53,526)	188,725	(242,251)
Net position ending	<u>\$ 38,353</u>	<u>\$ (53,530)</u>	<u>\$ 91,883</u>

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

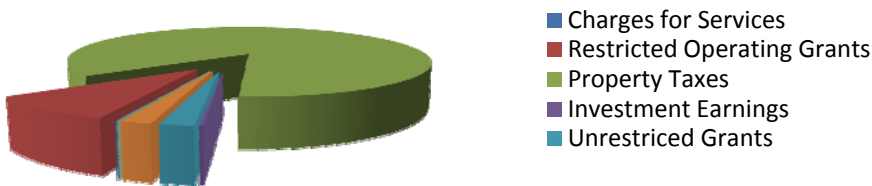
AUGUST 31, 2021

The District's net position increased by \$91,879 when compared to prior year decrease of \$242,255, an aggregate net change of \$334,133.

Overall, revenue decreased by \$35,652 and expenditures decreased by \$369,786, thus the significant change in the net position. Key factors contributing to the overall change from prior year are as follows:

- Property tax revenue increased by \$119,470 due to the increase in property values.
- Operating grants & Contribution decreased by \$204,470
- Grant & Contribution Not Restricted for Specific Purpose increased by \$25,777 when compare to prior year.
- Miscellaneous revenue increased by \$27,538 when compared to prior year.
- General Administration, Security & Monitoring Services, and Data processing services have significant increases to the annual expenditure amounts spent when compared to prior year balances.
- All other categories of expenditures had reduction when compared to prior year balances.

### Revenues by Source



### Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

**Governmental funds.** The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$576,196, an aggregated increase of \$80,742 when compare to prior year. \$338,085 of the fund balance represents unassigned general fund balance, while \$236,231 the remainder was restricted for payment of debt and \$1,880 is committed for future equipment purchases or campus activity use.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$322,737. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents ten (10%) percent of total general fund expenditures. Unassigned fund balance represents twenty (20%) percent of general fund expenditures without the Chapter 41 required payments.



# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2021

The fund balance of the general fund increased by \$88,210 from current operations compared to the prior year decrease of \$252,350. Overall, revenue increased by \$225,353 due to the increase in property taxes as noted above under the district-wide financial analysis. Expenditures decreased by \$115,207.

The fund balance of the debt service fund decreased by \$9,348 from current operations compared to a prior year increase of \$29,315. The aggregate change represents the slight stability in property tax assessment for debt service.

**General Fund Budgetary Highlights.** The Board of Trustees made budget amendments during the year with no significant effect on the bottom line.

### Capital Assets

	Governmental Activities		Variance
	8/31/21	8/31/20	
Buildings and improvements	\$ 6,459,337	\$ 6,459,337	\$ -
Vehicles and equipment	411,863	411,863	-
Less accumulated depreciation	(2,275,003)	(2,126,882)	(148,121)
Net capital assets	\$ 4,596,197	\$ 4,744,318	\$ (148,121)

Capital asset transaction for the year included recognition of \$148,121 in depreciation expense.

### Debt Administration

	Governmental Activities		Variance
	8/31/21	8/31/20	
General obligation bonds	\$ 3,860,000	\$ 4,035,000	\$ (175,000)
Accumulated accretion on bonds	75,058	80,058	(5,000)
Bond premium, deferred	286,955	306,084	(19,129)
Net OPEB liability	440,678	552,791	(112,113)
Net pension liability	426,851	390,647	36,204
	\$ 5,089,542	\$ 5,364,580	\$ (275,038)

In addition to the regularly scheduled principal payments, accreted interest and amortized bond premiums, the District was required to recognize their portion of the net pension liability and net OPEB liability of the Teacher Retirement System (TRS).

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

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. A general fund budget was adopted on August 31, 2021. Factors affecting the 2022 budget fluctuations are as follows:

- \$37,010 decreased in Instructional cost
- \$115,181 decrease in School Leadership expenditure
- \$79,006 increase in total support services (student)
- \$27,594 decrease in General Administration cost
- \$223,539 increase in Contracted Instructional services
- \$39,649 increase in Facility Maintenance operation cost

# **MATAGORDA INDEPENDENT SCHOOL DISTRICT**

*MANAGEMENT'S DISCUSSION AND ANALYSIS*

*AUGUST 31, 2021*

## **Request for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Matagorda Independent School District, Attention: Business Manager, PO Box 657, Matagorda, Texas 77457 or call (979) 863-7693.

*Basic Financial Statements*



Matagorda Independent School District

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

AUGUST 31, 2021

Data Control Codes	1	Governmental Activities
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 590,813
1225	<i>Property Taxes Receivable (Net)</i>	136,610
1240	<i>Due from Other Governments</i>	60,168
Capital Assets:		
1520	<i>Buildings and Improvements, Net</i>	4,523,925
1530	<i>Furniture and Equipment, Net</i>	<u>72,272</u>
1000	Total Assets	<u>5,383,788</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
	<i>Deferred Outflow Related to Pensions</i>	182,111
	<i>Deferred Outflow Related to OPEB</i>	<u>94,524</u>
1700	Total Deferred Outflows of Resources	<u>276,635</u>
<b>LIABILITIES:</b>		
2140	<i>Interest Payable</i>	6,278
2165	<i>Accrued Liabilities</i>	44,052
2300	<i>Unearned Revenue</i>	30,733
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	180,000
2502	<i>Due in More Than One Year</i>	4,042,012
2540	<i>Net Pension Liability</i>	426,851
2545	<i>Net OPEB Liability</i>	<u>440,678</u>
2000	Total Liabilities	<u>5,170,604</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
	<i>Deferred Inflow Related to Pensions</i>	82,850
	<i>Deferred Inflow Related to OPEB</i>	<u>368,616</u>
2600	Total Deferred Inflows of Resources	<u>451,466</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	654,862
Restricted For:		
3850	Debt Service	236,236
3900	Unrestricted	<u>(852,745)</u>
3000	Total Net Position	<u>\$ 38,353</u>

The accompanying notes are an integral part of this statement.

## MATAGORDA INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 1,011,630	\$ 187	\$ 226,480	\$ (784,963)	
12	<i>Instructional Resources and Media Services</i>	266	--	--	(266)	
13	<i>Curriculum and Staff Development</i>	1,752	--	1	(1,751)	
23	<i>School Leadership</i>	200,509	46	10,989	(189,474)	
33	<i>Health Services</i>	4,941	1	133	(4,807)	
34	<i>Student Transportation</i>	29,162	7	899	(28,256)	
35	<i>Food Service</i>	83,405	563	65,355	(17,487)	
36	<i>Cocurricular/Extracurricular Activities</i>	416	--	1	(415)	
41	<i>General Administration</i>	215,124	52	6,404	(208,668)	
51	<i>Facilities Maintenance and Operations</i>	273,648	64	9,210	(264,374)	
52	<i>Security and Monitoring Services</i>	23,722	--	23,722	--	
53	<i>Data Processing Services</i>	33,916	5	12,135	(21,776)	
61	<i>Community Services</i>	3	--	--	(3)	
72	<i>Interest on Long-term Debt</i>	121,962	2,911	3,207	(115,844)	
73	<i>Bond Issuance Costs and Fees</i>	750	--	--	(750)	
91	<i>Contracted Instructional Services between Schools</i>	1,560,043	414	743	(1,558,886)	
93	<i>Payments Related to Shared Services Arrangements</i>	90,806	24	42	(90,740)	
99	<i>Other Intergovernmental Charges</i>	34,792	--	--	(34,792)	
TG	Total Governmental Activities	<u>3,686,847</u>	<u>4,274</u>	<u>359,321</u>	<u>(3,323,252)</u>	
TP	Total Primary Government	<u>\$ 3,686,847</u>	<u>\$ 4,274</u>	<u>\$ 359,321</u>	<u>(3,323,252)</u>	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				2,940,832	
DT	<i>Property Taxes, Levied for Debt Service</i>				306,577	
IE	<i>Investment Earnings</i>				10,036	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				82,739	
MI	<i>Miscellaneous</i>				74,947	
TR	Total General Revenues				<u>3,415,131</u>	
CN	Change in Net Position				<u>91,879</u>	
NB	Net Position - Beginning				[x] <u>(53,526)</u>	
NE	Net Position - Ending				<u>\$ 38,353</u>	

[x] \$5 change represent prior year close-out of Fund 429 negative Fund Balance

The accompanying notes are an integral part of this statement.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 319,860	\$ 232,408	\$ 38,545	\$ 590,813
1225	Taxes Receivable, Net	120,667	15,943	--	136,610
1240	Due from Other Governments	38,562	3,823	17,783	60,168
1000	Total Assets	<u>479,089</u>	<u>252,174</u>	<u>56,328</u>	<u>787,591</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2150	Payroll Deductions & Withholdings	\$ 7,396	\$ --	\$ --	\$ 7,396
2160	Accrued Wages Payable	27,686	--	8,198	35,884
2200	Accrued Expenditures	602	--	169	771
2300	Unearned Revenue	120,668	15,943	30,733	167,344
2000	Total Liabilities	<u>156,352</u>	<u>15,943</u>	<u>39,100</u>	<u>211,395</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3480	Retirement of Long-Term Debt	--	236,231	--	236,231
3490	Other Restrictions of Fund Balance	--	--	837	837
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	1,043	1,043
3600	Unassigned	322,737	--	9,702	332,439
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	5,646	5,646
3000	Total Fund Balances	<u>322,737</u>	<u>236,231</u>	<u>17,228</u>	<u>576,196</u>
4000	Total Liabilities and Fund Balances	<u>\$ 479,089</u>	<u>\$ 252,174</u>	<u>\$ 56,328</u>	<u>\$ 787,591</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet	\$ 576,196
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	4,596,197
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	136,611
Payables for bond principal which are not due in the current period are not reported in the funds.	(3,866,277)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(426,851)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(82,850)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	182,111
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(75,058)
Bond premiums are amortized in the SNA but not in the funds.	(286,955)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(440,678)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(368,616)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	94,524
Rounding difference	<u>(1)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 38,353</u>

The accompanying notes are an integral part of this statement.



**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 3,039,596	\$ 309,483	\$ --	\$ 3,349,079
5800 <i>State Program Revenues</i>	114,250	3,207	33,922	151,379
5900 <i>Federal Program Revenues</i>	98,650	--	192,031	290,681
5020 <b>Total Revenues</b>	<u>3,252,496</u>	<u>312,690</u>	<u>225,953</u>	<u>3,791,139</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	723,762	--	185,069	908,831
0012 <i>Instructional Resources and Media Services</i>	(4)	--	--	(4)
0013 <i>Curriculum and Staff Development</i>	1,275	--	--	1,275
0023 <i>School Leadership</i>	179,419	--	--	179,419
0033 <i>Health Services</i>	4,643	--	--	4,643
0034 <i>Student Transportation</i>	26,570	--	--	26,570
0035 <i>Food Service</i>	74,808	--	--	74,808
0036 <i>Cocurricular/Extracurricular Activities</i>	1,213	--	(1,043)	170
0041 <i>General Administration</i>	199,459	--	--	199,459
0051 <i>Facilities Maintenance and Operations</i>	247,499	--	4,000	251,499
0052 <i>Security and Monitoring Services</i>	--	--	23,722	23,722
0053 <i>Data Processing Services</i>	20,001	--	12,325	32,326
0071 <i>Principal on Long-term Debt</i>	--	175,000	--	175,000
0072 <i>Interest on Long-term Debt</i>	--	146,288	--	146,288
0073 <i>Bond Issuance Costs and Fees</i>	--	750	--	750
0091 <i>Contracted Instructional Services</i>				
0091 <i>Between Public Schools</i>	1,560,043	--	--	1,560,043
0093 <i>Payments to Shared Service Arrangements</i>	90,806	--	--	90,806
0099 <i>Other Intergovernmental Charges</i>	34,792	--	--	34,792
6030 <b>Total Expenditures</b>	<u>3,164,286</u>	<u>322,038</u>	<u>224,073</u>	<u>3,710,397</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	88,210	(9,348)	1,880	80,742
1200 Net Change in Fund Balances	88,210	(9,348)	1,880	80,742
0100 Fund Balances - Beginning	234,527	245,579	15,348	x 495,454
3000 Fund Balances - Ending	<u>\$ 322,737</u>	<u>\$ 236,231</u>	<u>\$ 17,228</u>	<u>\$ 576,196</u>

[x] \$5 change represent prior year close-out of Fund 429 negative Fund Balance

The accompanying notes are an integral part of this statement.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

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

Net change in fund balances - total governmental funds	\$ 80,742
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(148,121)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(12,413)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	175,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	19,130
The accretion of interest on capital appreciation bonds is not reported in the funds.	5,000
(Increase) decrease in accrued interest from beginning of period to end of period.	196
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>(27,655)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 91,879</u>

The accompanying notes are an integral part of this statement.

# **MATAGORDA INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

### **A. Summary of Significant Accounting Policies**

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

#### **1. Reporting Entity**

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

#### **2. Basis of Presentation, Basis of Accounting**

##### **a. Basis of Presentation**

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government. 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 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.

Debt Service Fund:

Debt Service Fund: a governmental fund, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated

# **MATAGORDA INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. Financial Statement Amounts

a. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	2-15
Office & Computer Equipment	3-15

d. Deferred Outflows and Inflows of Resources

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

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

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

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

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

## **MATAGORDA INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

**Unassigned Fund Balance** - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

### 4. 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.

### 5. Other Post-Employment Benefits

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

### 6. Implementation of New Standards

*GASB Statement No. 92, Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The provisions in paragraphs 11 was excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, As such, this statement does not impact the District.

*GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.*

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

## B. Deposits and Investments

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

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

### 1. Cash Deposits:

At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$590,813 and the bank balance was \$620,043. The District's cash deposits at August 31, 2021 and during the highest month of the year ended August 31, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name

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

- a. Depository: \$1,983,570
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$3,067,093
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$1,983,570 and occurred during the month of February 2021.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

### 2. Investments:

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

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

### 3. Analysis of Specific Deposit and Investment Risks

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

#### a. Credit Risk

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



# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

### Investment Accounting Policy

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

As of August 31, 2021 the District did not own any investments.

### C. Disaggregated Receivables

Receivable balances as of the year end for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Aggregate Remaining	Totals
Taxes receivable				
Property taxes	\$ 241,335	\$ 31,886	\$ --	\$ 273,221
Less allow for uncollectible	(120,668)	(15,943)	--	(136,611)
	<u>\$ 120,667</u>	<u>\$ 15,943</u>	<u>\$ --</u>	<u>\$ 136,610</u>
Due from other governments				
Texas Education Agency	\$ 38,562	\$ --	\$ 17,778	\$ 56,340
Matagorda County TAC	--	3,823	--	3,823
	<u>\$ 38,562</u>	<u>\$ 3,823</u>	<u>\$ 17,778</u>	<u>\$ 60,163</u>

There are no significant receivables that are not scheduled for collection within one year of year end.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021

## D. Capital Assets

Capital asset activity for the year ended 2021, Matagorda Independent School District, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets being depreciated:</i>				
Buildings and improvements	6,459,337	--	--	6,459,337
Equipment	200,749	--	--	200,749
Vehicles	211,114	--	--	211,114
Total capital assets being depreciated	<u>6,871,200</u>	<u>--</u>	<u>--</u>	<u>6,871,200</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,803,831)	(131,581)	--	(1,935,412)
Equipment	(145,346)	(8,189)	--	(153,535)
Vehicles	(177,705)	(8,351)	--	(186,056)
Total accumulated depreciation	<u>(2,126,882)</u>	<u>(148,121)</u>	<u>--</u>	<u>(2,275,003)</u>
Total capital assets being depreciated, net	4,744,318	(148,121)	--	4,596,197
Governmental activities capital assets, net	<u>\$ 4,744,318</u>	<u>\$ (148,121)</u>	<u>\$ --</u>	<u>\$ 4,596,197</u>

Depreciation expense of \$148,121 was charged to functions as follows:

Instruction	\$ 82,953
Instructional Resources and Media Services	270
Curriculum and Staff Development	477
School Leadership	16,622
Health Services	269
Student Transportation	2,396
Food Services	8,056
Extracurricular Activities	246
General Administration	14,214
Plant Maintenance and Operations	21,029
Data Processing Services	1,586
Community Services	3
	<u>\$ 148,121</u>

## E. Long-Term Obligations

### Advance Refunding

The District issued \$4,549,999 in general obligation bonds with interest rates ranging from 3.0% to 4.0% and maturing February 15, 2037. The proceeds were used to advance refund \$4,550,000 of outstanding 2007 general obligation bonds which had interest rates ranging from 4.25% to 5.0%. The net proceeds of \$4,852,164 (including a \$439,995 premium and after payment of \$137,831 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2007 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$308,024. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The District advance refunded the 2007 general obligation bonds to reduce its total debt service payments over 6 years by \$459,797. The District did not recognize an economic gain (difference between the present values of the debt service payments on the old and new debt) on the refunding.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 180,000	\$ 140,962	\$ 320,962
2023	190,000	135,412	325,412
2024	190,000	129,712	319,712
2025	200,000	122,862	322,862
2026	210,000	114,662	324,662
2027 to 2031	1,165,000	443,862	1,608,862
2032 to 2036	1,410,000	202,745	1,612,745
2037 to 2041	315,000	6,300	321,300
Totals	\$ 3,860,000	\$ 1,296,517	\$ 5,156,517

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 4,035,000	\$ --	\$ 175,000	\$ 3,860,000	\$ 175,000
Accumulated accretion on bonds	80,058	--	5,000	75,058	--
Unamortized bond premium	306,084	--	19,130	286,954	--
Net OPEB Liability	552,791	(103,302)	8,811	440,678	--
Net pension liability	* 390,647	69,088	32,884	426,851	--
Total governmental activities	\$ 5,364,580	\$ (34,214)	\$ 240,825	\$ 5,089,541	\$ 175,000

\* The general fund is typically used to liquidate these liabilities.

### F. Risk Management

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

#### Worker Compensation

For the year ended August 31, 2021, the District provided its employees worker compensation coverage through the Texas Educational Insurance Association (the Pool). All members participating in the fund execute interlocal agreements that define the responsibilities of the parties. The District is not responsible for claims and claims allocation expense beyond its individual loss fund. Also, the estimated liability may be lower than the District's potential liability, which is its loss fund for each plan year. Incurred but not reported amounts are projected estimates, based on the experience history of the association. The change in the claims liability during the fiscal year ended August 31, 2021 and the preceding years is as follows:

	8/31/2020	8/31/2020	8/31/2019
Unpaid claims, beginning	\$ 4,918	\$ 5,110	\$ 5,250
Incurred claims	2,854	645	720
Increase (decrease) in IBNR	1	--	--
Claims paid, net of rebates	(655)	(837)	(860)
Unpaid claims, ending	\$ 7,118	\$ 4,918	\$ 5,110

#### Unemployment Compensation

During the year ended August 31, 2021, Matagorda ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment

# **MATAGORDA INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021**

Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for unemployment compensation pool members. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

### **G. Pension Plan**

#### **1. Plan Description**

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

#### **2. Pension Plan Fiduciary Net Position**

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2020.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf), selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

#### **3. Benefits Provided**

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state- supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees.

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. These 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.

#### **4. Contributions**

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 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 this manner are determined by the System's actuary.

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

	<b>Contribution Rates</b>	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
District's 2021 Employer Contributions	\$ 34,056	\$ 29,175
District's 2021 Member Contributions	\$ 79,631	\$ 73,693
2020 NECE On-Behalf Contributions (state)	\$ 50,815	\$ 56,901

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- 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, private, local or non-educational and general funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

Employers are also required to pay surcharges in the following cases:

- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter schools and regional education 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.

### 5. Actuarial Assumptions

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

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Last year ending August 31 in Projection Period	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

The actuarial 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 actuarial valuation report dated November 14, 2019.

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

Asset Class	Target Allocation *	Long-Term Expected Geometric Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
<b>Global Equity</b>			
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
<b>Stable Value</b>			
Government Bonds	16.0%	(0.7)%	(0.05)%
Absolute Return (Incl. Credit Sensitive Investments)	-	1.8	-
Stable Value Hedge Funds	0.0%	0.0%	0.11
<b>Real Return</b>			
Real Estate	15.0%	4.6%	1.02%
Energy, Natural Resources & Infrastructure	6.0	6.0	0.42
Commodities	-	0.8	-
<b>Risk Parity</b>			
Risk Parity	8.0%	3.0%	0.30%
<b>Asset Allocation Leverage</b>			
Cash	1.0%	2.5%	
<b>Volatility Drag ***</b>			
	-	2.7%	(0.67)%
<b>Expected Return</b>	<b>100.0%</b>		<b>7.33%</b>

\* Target allocations are based on the FY2020 policy model.  
 \*\* Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)  
 \*\*\* The volatility drag results from the conversion between arithmetic and geometric mean returns.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

### 7. Discount Rate

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

### 8. 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.

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 658,197	\$ 426,851	\$ 238,888

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

At August 31, 2021, the District reported a liability of \$426,851 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 426,851
State's proportionate share that is associated with District	<u>738,602</u>
Total	<u>\$ 1,165,453</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District'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 0.0007969894% which was an increase (decrease) of 0.0000455010% from its proportion measured as of August 31, 2019.

### 10. Change of Assumptions Since the Prior Measurement Date -

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

For the year ended August 31, 2021, the District recognized pension expense of \$163,122 and revenue of \$88,837 for support provided by the State.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 779	\$ 11,912
Changes in actuarial assumptions	99,045	42,113
Difference between projected and actual investment earnings	8,641	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	44,471	28,825
Contributions paid to TRS subsequent to the measurement date	<u>29,175</u>	<u>--</u>
Total	<u>\$ 182,111</u>	<u>\$ 82,850</u>

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

Year Ended August 31	Pension Expense Amount
2022	\$ 22,069
2023	\$ 20,589
2024	\$ 21,710
2025	\$ 6,043
2026	\$ (1,165)
Thereafter	\$ 840

### H. Defined Other Post-Employment Benefit Plans

#### 1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

#### 2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2020.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf), selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

#### 3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. 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



**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021*

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. For more information on TRS-Care eligibility and detailed information on TRS-Care, please refer to the Benefits section.

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 Senate Bill 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.

4. Contributions

Contribution rates for the TRS-Care plan are established in State Statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions; and contributions from the state, active employees, and participating employers are based on active employee compensation. The TRS board does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	Rate	Amount
Active Employee	0.65%	\$ 243,532,120
Non-Employer Contributing Entity (State)	1.25%	435,768,774
Employers	0.75%	280,997,853
Federal/Private Funding *	1.25%	<u>32,562,226</u>
Total		\$ 992,860,973
* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.		

District's 2021 Employer Contributions	\$ 8,045
District's 2021 Member Contributions	\$ 73,693
2020 NECE On-Behalf Contributions (state)	\$ 11,840

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of the TRS. The TRS-Care surcharges for fiscal year 2020 totaled \$11,413,512.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021*

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

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

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

5. Actuarial Assumptions

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

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 45% participation after age 65. *
Ad Hoc Post-Employment Benefit Changes	None

\* 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

6. Discount Rate

A single discount rate of 2.33 percent was used to measure the total OPEB liability. This was a decrease of .30 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

### 7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 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 net OPEB liability	\$ 528,812	\$ 440,678	\$ 371,064

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

At August 31, 2021, the District reported a liability of \$440,678 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 440,678
State's proportionate share that is associated with the District	\$ <u>592,165</u>
Total	\$ <u><u>1,032,843</u></u>

The Net OPEB liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2021 the District's proportion of the collective net OPEB liability was 0.0011592355% which was an increase (decrease) of -0.0000096709% from its proportion measured as of August 31, 2019

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 359,977	\$ 440,678	\$ 548,159

### 9. Change of Assumptions Since the Prior Measurement Date

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

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

For the year ended August 31, 2021, the District recognized OPEB expense of (\$13,522) and revenue of (\$4,112) for support provided by the State.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2021*

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 23,074	\$ 201,677
Changes in actuarial assumptions	27,181	121,012
Differences between projected and actual investment earnings	143	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	36,081	45,927
Contributions paid to TRS subsequent to the measurement date	8,045	--
<b>Total</b>	<b>\$ 94,524</b>	<b>\$ 368,616</b>

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

Year ended August 31,	OPEB Expense Amount
2022	\$ (47,626)
2023	\$ (47,645)
2024	\$ (47,656)
2025	\$ (47,653)
2026	\$ (35,882)
Thereafter	\$ (55,674)

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2021, the subsidy payment received by TRS-Care on behalf of the District was \$4,827.

**I. Employee Health Care Coverage**

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$340 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of and terms of coverage and premium costs are included in the contractual provisions.

# MATAGORDA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

### J. Commitments and Contingencies

#### 1. Contingencies

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

#### 2. Litigation

No reportable litigation was pending against the District at August 31, 2021.

### K. Shared Services Arrangements

The District participates in a shared services arrangement ("SSA") for state and federal special education services with the following school districts:

#### Member Districts

Palacios Independent School District  
 Tidehaven Independent School District  
 Van Vleck Independent School District  
 Matagorda Independent School District

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, school name, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA. A copy of the fiscal agent's audit may be obtained by contacting the Van Vleck Independent School District at 142 S. Fourth Van Vleck, TX 77482.

### L. Disaggregated Revenue

Local revenue received by the District consist of the following:

	General Fund	Debt Service Fund	Other Governmental	Totals
Property taxes	\$ 2,953,250	\$ 306,572	\$ --	\$ 3,259,822
Food service activity	563	--	--	563
Interest earnings	10,036	2,911	--	12,947
Rent	800	--	--	800
Other Revenue	74,947	--	--	74,947
Miscellaneous receipts	--	--	--	--
	<u>\$ 3,039,596</u>	<u>\$ 309,483</u>	<u>\$ --</u>	<u>\$ 3,349,079</u>



Matagorda Independent School District

### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.



Matagorda Independent School District



**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

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

**EXHIBIT G-1**  
 Page 1 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 3,102,186	\$ 3,104,686	\$ 3,039,596	\$ (65,090)
5800	State Program Revenues	121,693	124,651	114,250	(10,401)
5900	Federal Program Revenues	7,500	76,500	98,650	22,150
5020	Total Revenues	3,231,379	3,305,837	3,252,496	(53,341)
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	743,722	743,722	723,762	19,960
0012	Instructional Resources and Media Services	1,200	1,200	(4)	1,204
0013	Curriculum and Staff Development	1,700	1,700	1,275	425
	Total Instruction & Instr. Related Services	746,622	746,622	725,033	21,589
Instructional and School Leadership:					
0023	School Leadership	190,320	190,320	179,419	10,901
	Total Instructional & School Leadership	190,320	190,320	179,419	10,901
Support Services - Student (Pupil):					
0033	Health Services	7,663	7,663	4,643	3,020
0034	Student (Pupil) Transportation	38,666	38,666	26,570	12,096
0035	Food Services	--	93,366	74,808	18,558
0036	Cocurricular/Extracurricular Activities	2,000	2,000	1,213	787
	Total Support Services - Student (Pupil)	48,329	141,695	107,234	34,461
Administrative Support Services:					
0041	General Administration	200,629	200,629	199,459	1,170
	Total Administrative Support Services	200,629	200,629	199,459	1,170
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	263,004	263,004	247,499	15,505
0053	Data Processing Services	26,950	26,950	20,001	6,949
	Total Support Services - Nonstudent Based	289,954	289,954	267,500	22,454
Ancillary Services:					
0061	Community Services	500	500	--	500
	Total Ancillary Services	500	500	--	500
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	1,577,234	1,577,234	1,560,043	17,191
0093	Payments to Fiscal Agent/Member Dist.-SSA	117,400	117,400	90,806	26,594
0099	Other Intergovernmental Charges	41,483	41,483	34,792	6,691
	Total Intergovernmental Charges	1,736,117	1,736,117	1,685,641	50,476
6030	Total Expenditures	3,212,471	3,305,837	3,164,286	141,551
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	18,908	--	88,210	88,210
Other Financing Sources (Uses):					
7915	Transfers In	--	18,908	--	(18,908)
8911	Transfers Out	(18,908)	(18,908)	--	18,908
7080	Total Other Financing Sources and (Uses)	(18,908)	--	--	--

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

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

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1200	Net Change in Fund Balance	--	--	88,210	88,210
0100	Fund Balance - Beginning	234,527	307,094	234,527	(72,567)
3000	Fund Balance - Ending	\$ 234,527	\$ 307,094	\$ 322,737	\$ 15,643

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN**  
**LAST TEN FISCAL YEARS \***

**EXHIBIT G-2**

	Fiscal Year									
Measurement period ending August 31,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0007970%	0.0007515%	0.0007595%	0.0008616%	0.0007777%	0.0009174%	0.0004632%	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 426,851	\$ 390,647	418,053	275,501	\$ 293,887	\$ 324,289	\$ 123,728	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	738,602	754,728	769,834	520,392	676,532	648,622	607,524	--	--	--
<b>Total</b>	<b>\$ 1,165,453</b>	<b>\$ 1,145,375</b>	<b>1,187,887</b>	<b>795,893</b>	<b>\$ 970,419</b>	<b>\$ 972,911</b>	<b>\$ 731,252</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>
District's covered-employee payroll	\$ 1,034,168	\$ 963,519	917,511	1,009,237	\$ 997,608	\$ 1,000,139	\$ 731,252	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.27%	40.54%	45.56%	27.30%	29.46%	32.42%	16.92%	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN**  
**LAST TEN FISCAL YEARS \***

**EXHIBIT G-3**

Fiscal year ending August 31,	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 29,175	\$ 34,056	\$ 26,704	\$ 28,059	\$ 28,828	\$ 29,700	\$ 27,164	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(29,175)	(34,056)	(26,704)	(28,059)	(28,828)	(29,700)	(27,164)	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 957,101	\$ 1,034,168	\$ 963,519	\$ 917,511	\$ 1,009,237	\$ 997,608	\$ 1,000,139	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.05%	3.29%	2.77%	3.06%	2.86%	2.98%	2.72%	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

**EXHIBIT G-4**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the Net OPEB liability	0.00115924%	0.00116891%	0.00109443%	0.00119273%	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 440,678	\$ 552,791	\$ 546,459	\$ 518,672	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the Net OPEB liability associated with the District	\$ 592,165	\$ 734,534	\$ 769,761	\$ 785,488	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ 1,032,843	\$ 1,287,325	\$ 1,316,220	\$ 1,304,160	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 1,034,168	\$ 963,519	\$ 917,511	\$ 1,009,237	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	42.61%	57.37%	59.56%	51.39%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

**EXHIBIT G-5**

	Fiscal Year Ended									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statorily or contractually required District contribution	\$ 8,045	\$ 7,841	\$ 8,296	\$ 5,958	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statorily or contractually required contribution	(8,045)	(7,841)	(8,296)	(5,958)	--	--	--	--	--	--
Contribution deficiency (excess): \$	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 957,101	\$ 1,035,368	\$ 963,519	\$ 917,511	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	0.84%	0.76%	0.86%	0.65%	--	--	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

# **MATAGORDA INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2021*

### Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

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

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

### Defined Benefit Pension Plan

#### *Changes of benefit terms*

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

#### *Changes of assumptions*

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

### Other Post-Employment Benefit Plan

#### *Changes of benefit terms*

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

#### *Changes of assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.



Matagorda Independent School District



*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2021

Data Control Codes	205 Head Start	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	255 ESEA Title II Training & Recruiting
<b>ASSETS:</b>				
1110 <i>Cash and Cash Equivalents</i>	\$ 387	\$ 14,139	\$ 6,626	\$ 1,190
1240 <i>Due from Other Governments</i>	3,930	1	2,126	--
1000 <b>Total Assets</b>	<u>4,317</u>	<u>14,140</u>	<u>8,752</u>	<u>1,190</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2160 <i>Accrued Wages Payable</i>	\$ 4,227	\$ --	\$ --	\$ 111
2200 <i>Accrued Expenditures</i>	90	--	--	2
2300 <i>Unearned Revenue</i>	--	14,140	8,602	1,077
2000 <b>Total Liabilities</b>	<u>4,317</u>	<u>14,140</u>	<u>8,602</u>	<u>1,190</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
Committed Fund Balances:				
3545 <i>Other Committed Fund Balance</i>	--	--	--	--
3600 Unassigned	--	9,702	--	--
Unassigned, Reported in Nonmajor:				
3610 <i>Special Revenue Funds</i>	--	(9,702)	150	--
3000 <b>Total Fund Balances</b>	<u>--</u>	<u>--</u>	<u>150</u>	<u>--</u>
4000 <b>Total Liabilities and Fund Balances</b>	<u>\$ 4,317</u>	<u>\$ 14,140</u>	<u>\$ 8,752</u>	<u>\$ 1,190</u>

270 ESEA, Title VI Part B, Subpart 2 Rural School	281 ESSER Fund II of the CRRSA Act	282 ESSER Fund III of the American Rescue Plan Act	289 Emergency Impact Aid LEA	410 State Textbook Fund
\$ 4,014	\$ --	\$ --	\$ 3,404	\$ 800
--	3,209	728	--	--
<u>4,014</u>	<u>3,209</u>	<u>728</u>	<u>3,404</u>	<u>800</u>
\$ --	\$ 3,142	\$ 718	\$ --	\$ --
--	67	10	--	--
<u>3,687</u>	--	--	<u>3,227</u>	--
<u>3,687</u>	<u>3,209</u>	<u>728</u>	<u>3,227</u>	--
--	--	--	177	660
--	--	--	--	--
--	--	--	--	--
<u>327</u>	--	--	--	<u>140</u>
<u>327</u>	--	--	<u>177</u>	<u>800</u>
<u>\$ 4,014</u>	<u>\$ 3,209</u>	<u>\$ 728</u>	<u>\$ 3,404</u>	<u>\$ 800</u>



Matagorda Independent School District

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2021

Data Control Codes	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ (7,789)	\$ 15,774	\$ 38,545
1240	Due from Other Governments	7,789	--	17,783
1000	Total Assets	--	15,774	56,328
<b>LIABILITIES:</b>				
Current Liabilities:				
2160	Accrued Wages Payable	\$ --	\$ --	\$ 8,198
2200	Accrued Expenditures	--	--	169
2300	Unearned Revenue	--	--	30,733
2000	Total Liabilities	--	--	39,100
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance	--	--	837
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	1,043	1,043
3600	Unassigned	--	--	9,702
Unassigned, Reported in Nonmajor:				
3610	Special Revenue Funds	--	14,731	5,646
3000	Total Fund Balances	--	15,774	17,228
4000	Total Liabilities and Fund Balances	\$ --	\$ 15,774	\$ 56,328

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

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

Data Control Codes	205 Head Start	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	255 ESEA Title II Training & Recruiting
<b>REVENUES:</b>				
5800 <i>State Program Revenues</i>	\$ 3,860	\$ --	\$ --	\$ --
5900 <i>Federal Program Revenues</i>	59,523	88,102	--	8,791
5020 <b>Total Revenues</b>	<u>63,383</u>	<u>88,102</u>	<u>--</u>	<u>8,791</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	63,383	88,102	--	8,791
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0053 <i>Data Processing Services</i>	--	--	--	--
6030 <b>Total Expenditures</b>	<u>63,383</u>	<u>88,102</u>	<u>--</u>	<u>8,791</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	150	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 150</u>	<u>\$ --</u>

266 Coronavirus Aid Relief, and Economic Security Act	270 ESEA, Title VI Part B, Subpart 2 Rural School	281 ESSER Fund II of the CRRSA Act	282 ESSER Fund III of of the American Rescue Plan Act	289 Emergency Impact Aid LEA
\$ --	\$ --	\$ --	\$ --	\$ --
<u>4,000</u>	<u>2,573</u>	<u>3,209</u>	<u>728</u>	<u>25,105</u>
<u>4,000</u>	<u>2,573</u>	<u>3,209</u>	<u>728</u>	<u>25,105</u>
--	2,573	3,209	728	12,603
--	--	--	--	--
4,000	--	--	--	--
--	--	--	--	--
--	--	--	--	12,325
<u>4,000</u>	<u>2,573</u>	<u>3,209</u>	<u>728</u>	<u>24,928</u>
--	--	--	--	177
--	--	--	--	177
--	327	--	--	--
<u>\$ --</u>	<u>\$ 327</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 177</u>



Matagorda Independent School District



**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

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

Data Control Codes	410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5800	\$ 6,340	\$ 23,722	\$ --	\$ 33,922
5900	--	--	--	192,031
5020	<u>6,340</u>	<u>23,722</u>	<u>--</u>	<u>225,953</u>
<b>EXPENDITURES:</b>				
Current:				
0011	5,680	--	--	185,069
0036	--	--	(1,043)	(1,043)
0051	--	--	--	4,000
0052	--	23,722	--	23,722
0053	--	--	--	12,325
6030	<u>5,680</u>	<u>23,722</u>	<u>(1,043)</u>	<u>224,073</u>
1100				
1100	660	--	1,043	1,880
1200	<u>660</u>	<u>--</u>	<u>1,043</u>	<u>1,880</u>
0100	140	--	14,731	15,348
3000	<u>\$ 800</u>	<u>\$ --</u>	<u>\$ 15,774</u>	<u>\$ 17,228</u>



Matagorda Independent School District

## *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

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

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2012 and Prior Years	\$ Various	\$ Various	\$ Various
2013	1.02	.1472	247,525,610
2014	1.02	.1500	233,517,049
2015	1.02	.1437	238,857,350
2016	1.02	.1282	243,671,814
2017	1.02	.1307	256,501,163
2018	1.02	.1254	262,333,542
2019	1.02	.1196	269,381,543
2020	0.95	.1176	291,101,174
2021 (School Year Under Audit)	0.90	.0930	323,132,570

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
\$ 105,937	\$ --	\$ 1,419	\$ 150	\$ (1,411)	\$ 102,958
21,217	--	842	124	(69)	20,183
22,991	--	1,021	144	(69)	21,757
8,337	--	1,133	143	--	7,061
7,131	--	898	115	--	6,118
10,124	--	992	123	104	9,113
11,308	--	1,088	128	(7)	10,085
60,527	--	41,335	1,051	103	18,244
50,476	--	21,073	2,609	(1,296)	25,498
--	3,207,724	2,857,146	295,270	(3,104)	52,203
<u>\$ 298,048</u>	<u>\$ 3,207,724</u>	<u>\$ 2,926,948</u>	<u>\$ 299,855</u>	<u>\$ (5,748)</u>	<u>\$ 273,221</u>

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

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

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 319,137	\$ 309,483	\$ (9,654)
5800 <i>State Program Revenues</i>	2,901	3,207	306
5020 <i>Total Revenues</i>	<u>322,038</u>	<u>312,690</u>	<u>(9,348)</u>
<b>EXPENDITURES:</b>			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	175,000	175,000	--
0072 <i>Interest on Long-Term Debt</i>	146,288	146,288	--
0073 <i>Bond Issuance Costs and Fees</i>	750	750	--
<i>Total Debt Service</i>	<u>322,038</u>	<u>322,038</u>	<u>--</u>
6030 <i>Total Expenditures</i>	<u>322,038</u>	<u>322,038</u>	<u>--</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	--	(9,348)	(9,348)
1200 <i>Net Change in Fund Balance</i>	--	(9,348)	(9,348)
0100 <i>Fund Balance - Beginning</i>	245,579	245,579	--
3000 <i>Fund Balance - Ending</i>	<u>\$ 245,579</u>	<u>\$ 236,231</u>	<u>\$ (9,348)</u>

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Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Board of Trustees  
Matagorda Independent School District  
P.O. Box 657  
Matagorda, Texas 77457

Members of the Board of Trustees:

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

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully submitted,

Harry Afadapa & Associates, PC

Houston, Texas  
October 29, 2021



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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?

Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2021*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<i>None</i>		

**MATAGORDA INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2021

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the school district is considered <b>to not have made</b> timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statues, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 75,058



Matagorda Independent School District