

LUFKIN INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

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

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Introductory Section

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CERTIFICATE OF BOARD

Lufkin Independent School District
Name of School District

Angelina
County

003-903
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 17th day of February, 2022.



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)

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Financial Section

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Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
Brenda A. Johnson



4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lufkin Independent School District
Lufkin, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Auditor's Responsibility - Continued

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, business-type activities, each major fund, and the aggregate remaining fund information of Lufkin Independent School District as of August 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 5 through 14 and 54 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lufkin Independent School District's basic financial statements. The introductory, combining statements and budgetary comparison schedules as supplementary information, and other supplementary information sections, which include the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Other Matters - Continued

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2022 on our consideration of Lufkin 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 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 Lufkin Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lufkin Independent School District's internal control over financial reporting and compliance.



ALEXANDER, LANKFORD & HIERS, INC.

Certified Public Accountants

Lufkin, Texas

February 12, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lufkin Independent School District's (District's) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$13,560,904 at August 31, 2021.

During the year, the District's expenses were \$863,139 less than the \$108,506,635 generated in taxes and other revenues for governmental and business-type activities.

The total cost of the District's programs was \$107,643,496, which is \$3,121,495 higher than the prior year.

As of the close of the current fiscal year, the District's general fund reported a fund balance of \$33,604,681, an increase of \$4,906,442.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Figure A-1

Major Features of the District's Government-Wide and Fund Financial Statements				
Type of Statements	Government-Wide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	The activities the District operates that are similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Fund Net Position	Statement of Changes in Fiduciary Net Position
			Statement of Cash Flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources and liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Only assets and deferred outflows of resources expected to be used up and only liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements of the District include the governmental activities and business-type activities. Most of the District's basic services are included in the governmental activities, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. 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.

The government-wide financial statements are referenced as Exhibits A-1 and B-1 in this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. These funds are reported using the *modified accrual* basis of accounting, which requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period. Such information may be useful in evaluating a government's near-term financing requirements.

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

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for each major fund of the District. All other funds are combined into a single, aggregated presentation. The District adopts an annual budget for the general fund, the National School Breakfast and Lunch Program special revenue fund, the debt service fund and the Construction capital projects fund.

The basic governmental funds financial statements are referenced as Exhibits C-1, C-1R, C-2, and C-3 in this report.

Proprietary Funds

The District maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses an enterprise fund to account for its Panther Broadcasting service. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses an internal service fund to account for its print shop at Lufkin High School. Because this service benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Proprietary Funds - Continued

Proprietary funds statements provide the same type of information as the government-wide financial statements only in more detail. The basic proprietary funds financial statements are referenced as Exhibits D-1 through D-3.

Fiduciary Funds

Fiduciary funds are used to account for assets and activities when the District is functioning as a trustee or an agent, *fiduciary*, for another party. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Custodial funds account for resources held for the benefit of students. Those funds are not reflected in the District's government-wide financial statements because the resources of the funds are not available to support the District's own operations.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget information and the cost-sharing multiple-employer pension and OPEB plans in which the District participates. The required supplementary information is referenced as Exhibits G-1 through G-5, and the associated notes immediately follow the exhibits in this report.

The other supplementary information other than RSI that is included in this report immediately follows the required supplementary information and includes the combining statements for nonmajor governmental funds, budgetary comparison schedule for funds that the District adopts an annual budget that are not required to be presented as RSI and schedules that the Texas Education Agency requires to be included.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's combined net position was \$13,560,904 at August 31, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

The following table reflects the condensed Statement of Net Position.

Table A-1

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 74,834,812	\$ 94,681,835	\$ 21,616	\$ 35,700	\$ 74,856,428	\$ 94,717,535
Capital assets	110,717,616	81,711,942			110,717,616	81,711,942
Total assets	185,552,428	176,393,777	21,616	35,700	185,574,044	176,429,477
Deferred outflows of resources	16,149,818	17,607,707			16,149,818	17,607,707
Long-term liabilities	153,340,117	151,083,185			153,340,117	151,083,185
Other liabilities	13,608,574	12,596,045	113	16,014	13,608,687	12,612,059
Total liabilities	166,948,691	163,679,230	113	16,014	166,948,804	163,695,244
Deferred inflows of resources	21,214,154	17,644,175			21,214,154	17,644,175
Net position:						
Net investment in capital assets	46,065,501	39,821,081			46,065,501	39,821,081
Restricted	26,155,105	57,267,138			26,155,105	57,267,138
Unrestricted	(58,681,205)	(84,410,140)	21,503	19,686	(58,659,702)	(84,390,454)
Total net position	\$ 13,539,401	\$ 12,678,079	\$ 21,503	\$ 19,686	\$ 13,560,904	\$ 12,697,765

- The net investment in capital assets portion of net position reflects the District's investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Those capital assets are used to provide services to students; consequently, these assets are not available for future spending.
- The restricted net position represents resources that are subject to external restriction on how they may be used.
- The deficit of \$(58,681,205) in unrestricted net position is primarily due to reporting the net pension and OPEB liabilities in accordance with GASB 68 and GASB 75. Those liabilities are reported in the governmental activities; however, the actual liabilities do not require the use of current resources at the fund level.
- At the end of the current fiscal year, the District is able to report a positive balance in two categories of net position.

Analysis of the District's Operations

The following table (A-2) provides a summary of the District's operations for the year ended August 31, 2021. Governmental activities and business-type activities increased the District's net position by \$861,322 and \$1,817, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

Analysis of the District's Operations - Continued

Table A-2

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for services	\$ 407,019	\$ 529,126	\$ 114,000	\$ 76,400	\$ 521,019	\$ 605,526
Operating grants and contributions	27,023,589	21,717,283			27,023,589	21,717,283
General Revenues:						
Property taxes	35,909,852	33,256,916			35,909,852	33,256,916
State aid	44,880,111	51,006,219			44,880,111	51,006,219
Investment earnings	101,482	1,029,998			101,482	1,029,998
Miscellaneous	70,582	1,391,369			70,582	1,391,369
Transfers		(14,983)		14,983		
Total revenues	108,392,635	108,915,928	114,000	91,383	108,506,635	109,007,311
Expenses:						
Instruction, instructional resources, & media services	56,005,135	55,379,840			56,005,135	55,379,840
Curriculum & staff development	3,993,579	3,360,963			3,993,579	3,360,963
Instructional leadership	2,258,761	2,374,911			2,258,761	2,374,911
School leadership	5,689,894	6,247,306			5,689,894	6,247,306
Guidance, counseling & evaluation services	3,320,323	3,691,434			3,320,323	3,691,434
Social work services	151,661	145,867			151,661	145,867
Health services	1,070,423	850,907			1,070,423	850,907
Student transportation	2,584,865	3,053,392			2,584,865	3,053,392
Food service	5,038,551	5,301,491			5,038,551	5,301,491
Cocurricular/extracurricular activities	1,925,485	2,100,336			1,925,485	2,100,336
General administration	2,785,545	2,877,952			2,785,545	2,877,952
Facilities maintenance & operations	14,496,870	10,183,773			14,496,870	10,183,773
Security & monitoring services	1,590,646	1,629,002			1,590,646	1,629,002
Data processing services	2,421,742	3,312,729			2,421,742	3,312,729
Community services	44,049	59,656			44,049	59,656
Interest on long-term debt	3,000,390	2,601,065			3,000,390	2,601,065
Bond issuance costs & fees	183,275	396,754			183,275	396,754
Facilities acquisition & construction	14,169				14,169	
Payments related to SSA	313,824	300,715			313,824	300,715
Other intergovernmental charges	642,126	592,491			642,126	592,491
Panther broadcasting			112,183	61,417	112,183	61,417
Total expenses	107,531,313	104,460,584	112,183	61,417	107,643,496	104,522,001
Change in net position	861,322	4,455,344	1,817	29,966	863,139	4,485,310
Net position, beginning of year	12,678,079	8,222,735	19,686	(10,280)	12,697,765	8,212,455
Net position, end of year	\$ 13,539,401	\$ 12,678,079	\$ 21,503	\$ 19,686	\$ 13,560,904	\$ 12,697,765

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

Analysis of the District's Operations - Continued

The District's total revenues were \$108,506,635. A portion, thirty-three percent, of the District's revenue comes from taxes. Forty-one percent comes from state aid, while less than one percent relates to charges for services. Governmental activities account for more than ninety-nine percent of the District's revenue.

The cost of all governmental activities this year was \$107,531,313. However, the amount that our taxpayers paid for these activities through property taxes was only \$35,909,852. Those who directly benefitted from the programs paid \$521,019 and grants and contributions paid \$27,023,589.

Business-type activities total revenue and total expenses were each less than one percent of the District's total revenues and total expenses. These activities increased net position by \$1,817.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources 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 \$59,759,786. Less than one percent of the total is considered nonspendable because it is not in spendable form. Forty-four percent or \$26,134,997 of this total is restricted due to external limitations on its use. Fourteen percent, \$8,186,000, is committed or assigned meaning there are limitations resulting from its intended use. The uses are for construction and capital equipment, reading academies, and the purchase of new furniture. Forty-two percent or \$25,362,176 is unassigned.

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$25,362,176, while total fund balance was \$33,604,681. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents thirty-two percent of total general fund expenditures, while total fund balance represents forty-three percent of that same amount.

Revenues from governmental fund types totaled \$107,589,588, an increase of nine percent from the preceding year. This increase is primarily due an increase in federal revenues. The federal revenues increase is due to increased federal stimulus funds due to the COVID-19 pandemic.

The debt service fund has a total fund balance of \$838,314, all of which is restricted for the payment of debt service. The District makes semi-annual debt service payments in February and August of each year. The fund balance increased by \$609,413 which primarily due to an increase in tax revenue.

The major capital projects fund has total fund balance of \$23,355,591 which is restricted for construction. The decrease in fund balance of \$30,963,478 is primarily due to expenditures associated with capital projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS - CONTINUED

Proprietary Funds

The District's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the enterprise fund amounted to \$21,503 which was an increase of \$1,817. This fund reflects the District's activities of the Panther Broadcasting program.

The internal service fund reflects the activities of the print shop at the high school. Net position for this fund decreased by \$34,766 which was primarily due to a decrease in local revenue.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Differences between the original budget and the final amended budget were significant for revenues and expenditures (\$752,223 increase for revenue and \$7,333,423 increase for expenditures). The increase in revenue is primarily due to an increase in federal revenues while the increase in expenditures is primarily due to increases of \$4,245,420, \$1,061,546 and \$788,935 in instruction, plant maintenance and operations, and facilities acquisition and construction. The increase in federal revenues is primarily due to stimulus funds received as a result of the COVID-19 pandemic. The increase in instruction is due to providing school supplies for students, one-time COVID-19 pay increase, and the match from operation connectivity. The increase in plant maintenance and operations was the result of retrofitting water fountains, additional cleaning supplies due to COVID-19 as well as repair costs resulting from the freeze caused by winter storm Uri and additional paving. The increase in facilities acquisition and construction is primarily due to the purchase of land adjoining Garrett Primary and the purchase of the land and building that adjoins LMS along with building new ticket booths at Abe Martin Stadium.

Differences between the actual results and the final amended budget were significant for revenues and expenditures (\$1,687,738 increase in actual revenues and \$5,282,616 decrease in actual expenditures). The increase in actual revenues is primarily due to an increase in federal revenues while the decrease in expenditures is primarily a result of decreases of \$817,322, \$612,761, \$1,082,922, \$720,541, and \$1,110,616 in instruction, curriculum and staff development, guidance, counseling and evaluation services, health services, and plant maintenance and operations, respectively. The increase in federal revenues is due to higher SHARS funds and higher indirect costs due to the ESSER II and ESSER III grants. The decreases in instruction, curriculum and staff development, guidance, counseling and evaluation services, and health services are primarily due to reclassification of payroll costs that were eligible for reimbursement under the ESSER II funding. The decrease in plant maintenance and operations primarily relates to the reclassification of utility costs to ESSER II funding as part of the hold harmless reduction granted by TEA.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the District had invested \$185,963,636 in a broad range of capital assets, including land, buildings, vehicles, furniture and equipment and construction in progress. (See Table A-3). This amount represents a net increase (including additions and deductions) of \$31,946,270, or twenty-one percent from last year.

Table A-3

DISTRICT'S CAPITAL ASSETS

	2021	2020
Land	\$ 2,362,484	\$ 2,324,278
Buildings and improvements	134,360,850	123,658,312
Furniture and equipment	15,267,996	15,217,004
Construction in progress	33,972,306	12,817,772
Totals at historical cost	185,963,636	154,017,366
Total accumulated depreciation	(75,246,020)	(72,305,426)
Net capital assets	<u>\$ 110,717,616</u>	<u>\$ 81,711,940</u>

The District expects to continue major improvements to the District utilizing the capital projects funds in fiscal year 2022. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year end, the District had \$98,948,621 of bonds, notes, and capital leases outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-4

DISTRICT'S LONG-TERM DEBT

	2021	2020
General obligation bonds	\$ 92,405,000	\$ 96,555,000
Tax maintenance notes	4,710,000	
Capital leases	1,833,621	1,433,173
Total long-term debt	<u>\$ 98,948,621</u>	<u>\$ 97,988,173</u>

The District will issue the remaining bonds from the May 2018 bond election during the year ending August 31, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Appraised property tax value used for the 2022 budget preparation was up from 2021. General operating fund spending per student increased in the 2022 budget. The District's 2022 refined average daily attendance is expected to decrease.

These indicators were taken into account when adopting the general fund budget for 2022. Revenue amounts available for appropriation in the general fund budget were \$78,985,187 a decrease of less than one percent from the final 2021 budget of \$79,008,743.

Expenditures for the general fund were budgeted at \$78,808,202, an increase of six percent from the final 2021 budget of \$83,887,789. The District has not added or removed any programs or initiatives in the 2022 budget.

If these estimates are realized, the District's budgetary general fund balance is expected to increase by \$176,985.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's Business Services Department.

Basic Financial Statements

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LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2021

Data Control Codes		1	2	3
		Governmental Activities	Business-type Activities	Total
ASSETS:				
1110	Cash and Cash Equivalents	\$ 63,260,648	\$ --	\$ 63,260,648
1225	Property Taxes Receivable, Net	1,647,063	--	1,647,063
1240	Due from Other Governments	9,853,526	--	9,853,526
1260	Internal Balances	(18,216)	18,216	--
1290	Other Receivables, Net	15,178	3,400	18,578
1300	Inventories	70,683	--	70,683
1410	Prepaid Items	5,930	--	5,930
	Capital Assets:			
1510	Land	2,362,484	--	2,362,484
1520	Buildings and Improvements, Net	70,367,976	--	70,367,976
1530	Furniture and Equipment, Net	4,014,850	--	4,014,850
1580	Construction in Progress	33,972,306	--	33,972,306
1000	Total Assets	<u>185,552,428</u>	<u>21,616</u>	<u>185,574,044</u>
DEFERRED OUTFLOWS OF RESOURCES:				
	Deferred Charge on Refundings	1,164,713	--	1,164,713
	Deferred Outflows Related to Pensions	9,509,134	--	9,509,134
	Deferred Outflows Related to OPEB	5,475,971	--	5,475,971
1700	Total Deferred Outflows of Resources	<u>16,149,818</u>	<u>--</u>	<u>16,149,818</u>
LIABILITIES:				
2110	Accounts Payable	3,904,245	113	3,904,358
2140	Interest Payable	143,840	--	143,840
2165	Accrued Liabilities	6,161,688	--	6,161,688
2180	Due to Other Governments	3,364,157	--	3,364,157
2300	Unearned Revenue	34,644	--	34,644
	Noncurrent Liabilities:			
2501	Due Within One Year	5,457,935	--	5,457,935
2502	Due in More Than One Year	99,652,866	--	99,652,866
2540	Net Pension Liability	23,282,683	--	23,282,683
2545	Net OPEB Liability	24,946,633	--	24,946,633
2000	Total Liabilities	<u>166,948,691</u>	<u>113</u>	<u>166,948,804</u>
DEFERRED INFLOWS OF RESOURCES:				
	Deferred Inflows Related to Pensions	2,946,825	--	2,946,825
	Deferred Inflows Related to OPEB	18,267,329	--	18,267,329
2600	Total Deferred Inflows of Resources	<u>21,214,154</u>	<u>--</u>	<u>21,214,154</u>
NET POSITION:				
3200	Net Investment in Capital Assets	46,065,501	--	46,065,501
	Restricted For:			
3820	State and Federal Programs	1,167,490	--	1,167,490
3850	Debt Service	838,314	--	838,314
3860	Capital Projects	23,437,509	--	23,437,509
3870	Campus Activities	184,705	--	184,705
3890	Other Purposes	527,087	--	527,087
3900	Unrestricted	(58,681,205)	21,503	(58,659,702)
3000	Total Net Position	<u>\$ 13,539,401</u>	<u>\$ 21,503</u>	<u>\$ 13,560,904</u>

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

	1	3	4
		Program Revenues	
Data Control Codes	Functions/Programs	Charges for Services	Operating Grants and Contributions
	Expenses		
	Governmental Activities:		
11	Instruction	\$ 195,257	\$ 11,405,206
12	Instructional Resources and Media Services	10,006	83,628
13	Curriculum and Staff Development	5,247	2,816,493
21	Instructional Leadership	5,920	903,699
23	School Leadership	23,718	715,161
31	Guidance, Counseling, and Evaluation Services	6,444	1,789,588
32	Social Work Services	255	86,167
33	Health Services	968	1,007,464
34	Student Transportation	7,972	251,434
35	Food Service	88,843	4,759,627
36	Cocurricular/Extracurricular Activities	13,232	300,864
41	General Administration	9,246	259,079
51	Facilities Maintenance and Operations	27,125	1,882,261
52	Security and Monitoring Services	4,916	154,717
53	Data Processing Services	6,775	166,369
61	Community Services	76	17,659
72	Interest on Long-term Debt	--	405,239
73	Bond Issuance Costs and Fees	--	--
81	Facilities Acquisition and Construction	51	7,792
93	Payments Related to Shared Services Arrangements	968	11,142
99	Other Intergovernmental Charges	--	--
TG	Total Governmental Activities	407,019	27,023,589
	Business-type Activities:		
01	Panther Broadcasting	114,000	--
TB	Total Business-type Activities	114,000	--
TP	Total Primary Government	\$ 521,019	\$ 27,023,589
	General Revenues:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
IE	Investment Earnings		
GC	Grants and Contributions Not Restricted to Specific Programs		
MI	Miscellaneous		
TR	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning		
NE	Net Position - Ending		

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (43,538,055)		\$ (43,538,055)
(772,983)		(772,983)
(1,171,839)		(1,171,839)
(1,349,142)		(1,349,142)
(4,951,015)		(4,951,015)
(1,524,291)		(1,524,291)
(65,239)		(65,239)
(61,991)		(61,991)
(2,325,459)		(2,325,459)
(190,081)		(190,081)
(1,611,389)		(1,611,389)
(2,517,220)		(2,517,220)
(12,587,484)		(12,587,484)
(1,431,013)		(1,431,013)
(2,248,598)		(2,248,598)
(26,314)		(26,314)
(2,595,151)		(2,595,151)
(183,275)		(183,275)
(6,326)		(6,326)
(301,714)		(301,714)
(642,126)		(642,126)
<u>(80,100,705)</u>		<u>(80,100,705)</u>
 --	 \$ 1,817	 1,817
 --	 1,817	 1,817
<u>(80,100,705)</u>	<u>1,817</u>	<u>(80,098,888)</u>
 28,213,000	 --	 28,213,000
7,696,852	--	7,696,852
101,482	--	101,482
44,880,111	--	44,880,111
70,582	--	70,582
<u>80,962,027</u>	<u>--</u>	<u>80,962,027</u>
861,322	1,817	863,139
12,678,079	19,686	12,697,765
<u>\$ 13,539,401</u>	<u>\$ 21,503</u>	<u>\$ 13,560,904</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes		10	General Fund	ESSER II of the CRRSA Act
ASSETS:				
1110	Cash and Cash Equivalents	\$	32,977,385	\$ --
1225	Taxes Receivable, Net		1,408,697	--
1240	Due from Other Governments		3,846,863	3,541,093
1260	Due from Other Funds		5,401,667	--
1290	Other Receivables, Net		3,600	--
1300	Inventories		50,575	--
1410	Prepaid Items		5,930	--
1000	Total Assets	\$	<u>43,694,717</u>	<u>\$ 3,541,093</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$	465,718	\$ --
2150	Payroll Deductions and Withholdings		27,555	--
2160	Accrued Wages Payable		4,052,032	--
2170	Due to Other Funds		797,103	3,541,093
2180	Due to Other Governments		3,307,828	--
2200	Accrued Expenditures		--	--
2300	Unearned Revenue		31,103	--
2000	Total Liabilities		<u>8,681,339</u>	<u>3,541,093</u>
DEFERRED INFLOWS OF RESOURCES:				
	Unavailable Property Tax Revenue		1,408,697	--
2600	Total Deferred Inflows of Resources		<u>1,408,697</u>	<u>--</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories		50,575	--
3430	Prepaid Items		5,930	--
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions		--	--
3470	Capital Acquisitions and Contractual Obligations		--	--
3480	Retirement of Long-Term Debt		--	--
3490	Other Restrictions of Fund Balance		--	--
Committed Fund Balances:				
3510	Construction		2,800,000	--
3545	Other Committed Fund Balance		980,000	--
Assigned Fund Balances:				
3550	Construction		2,356,000	--
3570	Capital Expenditures for Equipment		350,000	--
3590	Other Assigned Fund Balance		1,700,000	--
3600	Unassigned		25,362,176	--
3000	Total Fund Balances		<u>33,604,681</u>	<u>--</u>
Total Liabilities, Deferred Inflows				
4000	of Resources and Fund Balances	\$	<u>43,694,717</u>	<u>\$ 3,541,093</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60		98
Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 27,854,857	\$ 2,428,406	\$ 63,260,648
--	238,366	1,647,063
--	2,465,570	9,853,526
--	764,580	6,166,247
--	11,578	15,178
--	20,108	70,683
--	--	5,930
<u>\$ 27,854,857</u>	<u>\$ 5,928,608</u>	<u>\$ 81,019,275</u>
\$ 3,006,730	\$ 430,159	\$ 3,902,607
--	--	27,555
--	353,116	4,405,148
--	1,811,134	6,149,330
--	56,329	3,364,157
1,492,536	236,449	1,728,985
--	3,541	34,644
<u>4,499,266</u>	<u>2,890,728</u>	<u>19,612,426</u>
--	238,366	1,647,063
<u>--</u>	<u>238,366</u>	<u>1,647,063</u>
--	20,108	70,683
--	--	5,930
--	1,147,382	1,147,382
23,355,591	81,918	23,437,509
--	838,314	838,314
--	711,792	711,792
--	--	2,800,000
--	--	980,000
--	--	2,356,000
--	--	350,000
--	--	1,700,000
--	--	25,362,176
<u>23,355,591</u>	<u>2,799,514</u>	<u>59,759,786</u>
<u>\$ 27,854,857</u>	<u>\$ 5,928,608</u>	<u>\$ 81,019,275</u>

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LUFKIN 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	\$ 59,759,786
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	110,672,885
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,647,063
The assets and liabilities of internal service funds, including capital assets of \$44,731, are included in governmental activities in the Statement of Net Position.	7,960
Payables for bond principal which are not due in the current period are not reported in the funds.	(92,405,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,833,621)
Payables for bond interest which are not due in the current period are not reported in the funds.	(143,840)
Payables for notes which are not due in the current period are not reported in the funds.	(4,710,000)
The deferred charge for refunding is not recorded in the funds.	1,164,713
District's proportionate share of the net pension liability is not reported in the funds.	(23,282,683)
District's proportionate share of the collective deferred inflows of resources related to pension plans is not reported in the funds.	(2,946,825)
District's proportionate share of the collective deferred outflows of resources related to pension plans is not reported in the funds.	9,509,134
Unamortized bond premiums are reported in the Statement of Net Position but not in the funds.	(6,162,180)
District's proportionate share of the net OPEB liability is not reported in the funds.	(24,946,633)
District's proportionate share of the collective deferred inflows of resources related to the OPEB plan is not reported in the funds.	(18,267,329)
District's proportionate share of the collective deferred outflows of resources related to the OPEB plan is not reported in the funds.	5,475,971
Net position of governmental activities - Statement of Net Position	\$ <u>13,539,401</u>

The accompanying notes are an integral part of this statement.

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

		10	
Data Control Codes		General Fund	ESSER II of the CRRSA Act
REVENUES:			
5700	Local and Intermediate Sources	\$ 28,735,741	\$ --
5800	State Program Revenues	49,658,269	--
5900	Federal Program Revenues	2,302,471	3,875,861
5020	Total Revenues	80,696,481	3,875,861
EXPENDITURES:			
Current:			
0011	Instruction	45,905,185	--
0012	Instructional Resources and Media Services	803,345	--
0013	Curriculum and Staff Development	1,396,223	547,004
0021	Instructional Leadership	1,433,344	125,642
0023	School Leadership	5,201,075	--
0031	Guidance, Counseling, and Evaluation Services	1,859,192	1,083,683
0032	Social Work Services	65,765	--
0033	Health Services	248,200	731,295
0034	Student Transportation	2,800,468	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	1,694,189	--
0041	General Administration	2,603,365	--
0051	Facilities Maintenance and Operations	8,114,776	691,409
0052	Security and Monitoring Services	1,576,293	--
0053	Data Processing Services	2,071,486	--
0061	Community Services	25,623	--
0071	Principal on Long-term Debt	1,105,459	--
0072	Interest on Long-term Debt	116,770	--
0073	Bond Issuance Costs and Fees	--	--
0081	Facilities Acquisition and Construction	628,465	--
0093	Payments to Shared Service Arrangements	313,824	--
0099	Other Intergovernmental Charges	642,126	--
6030	Total Expenditures	78,605,173	3,179,033
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	2,091,308	696,828
Other Financing Sources and (Uses):			
7911	Issuance of Tax Maintenance Notes	--	--
7913	Issuance of Capital Leases	1,508,910	--
7915	Transfers In	1,140,286	--
7916	Premium or Discount on Issuance of Debt	--	--
7949	Insurance Recoveries	165,938	--
8911	Transfers Out	--	(696,828)
7080	Total Other Financing Sources and (Uses)	2,815,134	(696,828)
1200	Net Change in Fund Balances	4,906,442	--
0100	Fund Balances - Beginning	28,698,239	--
3000	Fund Balances - Ending	\$ 33,604,681	\$ --

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60	Other	98
Construction	Governmental	Total
Fund	Funds	Governmental
		Funds
\$ 55,217	\$ 8,367,430	\$ 37,158,388
--	1,508,281	51,166,550
--	13,086,318	19,264,650
<u>55,217</u>	<u>22,962,029</u>	<u>107,589,588</u>
--	5,980,270	51,885,455
--	14,655	818,000
--	1,757,025	3,700,252
--	553,981	2,112,967
--	135,817	5,336,892
--	166,963	3,109,838
--	73,674	139,439
--	27,640	1,007,135
--	21,612	2,822,080
--	4,777,761	4,777,761
--	183,156	1,877,345
--	16,741	2,620,106
--	5,084,638	13,890,823
--	6,424	1,582,717
--	245,125	2,316,611
--	16,875	42,498
--	4,153,003	5,258,462
--	3,329,275	3,446,045
--	97,697	97,697
31,018,695	289,537	31,936,697
--	--	313,824
--	--	642,126
<u>31,018,695</u>	<u>26,931,869</u>	<u>139,734,770</u>
<u>(30,963,478)</u>	<u>(3,969,840)</u>	<u>(32,145,182)</u>
--	4,710,000	4,710,000
--	--	1,508,910
--	528,173	1,668,459
--	189,692	189,692
--	--	165,938
--	(971,631)	(1,668,459)
--	4,456,234	6,574,540
<u>(30,963,478)</u>	<u>486,394</u>	<u>(25,570,642)</u>
54,319,069	2,313,120	85,330,428
<u>\$ 23,355,591</u>	<u>\$ 2,799,514</u>	<u>\$ 59,759,786</u>

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LUFKIN 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	\$ (25,570,642)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	32,589,970
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,563,643)
Disposals of capital assets decrease net position in the SOA but not in the funds.	(873)
Certain property tax revenues are unavailable; therefore they are deferred inflows of resources in the funds. This is the change in these amounts this year.	(147,094)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,150,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	1,108,462
The deferred charge on refunding is amortized in the SOA but not in the funds.	(85,578)
Amount represents the (increase) decrease in accrued interest from beginning of period to end of period.	1,544
The net revenue (expense) of internal service funds, including depreciation expense of \$19,780, is reported with governmental activities.	(34,766)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(4,710,000)
Bond premiums are amortized in the SOA but not in the funds.	254,419
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,508,910)
Pension contributions made after the measurement date, August 31, 2020, are required to be reported as deferred outflows of resources in the SOA.	1,834,706
District's recognition of its proportional share of collective net pension expense is recorded in the SOA, but not in the funds.	(4,000,575)
OPEB contributions made after the measurement date, August 31, 2020, are required to be reported as deferred outflows of resources in the SOA.	507,632
District's recognition of its proportional share of collective net OPEB expense is recorded in the SOA, but not in the funds.	36,670
Change in net position of governmental activities - Statement of Activities	\$ <u>861,322</u>

The accompanying notes are an integral part of this statement.

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LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

AUGUST 31, 2021

Data Control Codes		Nonmajor Enterprise Fund	Nonmajor Internal Service Fund
		Panther Broadcasting	LHS Print Shop
ASSETS:			
Current Assets:			
Receivables:			
1260	Due from Other Funds	\$ 32,522	\$ --
1290	Other Receivables, Net	3,400	--
	Total Current Assets	<u>35,922</u>	<u>--</u>
Noncurrent Assets:			
Capital Assets:			
1530	Furniture and Equipment	--	371,622
1570	Accumulated Depreciation	--	(326,891)
	Total Noncurrent Assets	<u>--</u>	<u>44,731</u>
1000	Total Assets	<u>35,922</u>	<u>44,731</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	113	1,638
2170	Due to Other Funds	14,306	35,133
	Total Current Liabilities	<u>14,419</u>	<u>36,771</u>
2000	Total Liabilities	<u>14,419</u>	<u>36,771</u>
NET POSITION:			
3200	Net Investment in Capital Assets	--	44,731
3900	Unrestricted	21,503	(36,771)
3000	Total Net Position	<u>\$ 21,503</u>	<u>\$ 7,960</u>

The accompanying notes are an integral part of this statement.

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LUFKIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Nonmajor Enterprise Fund	Nonmajor Internal Service Fund
		Panther Broadcasting	LHS Print Shop
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	\$ 114,000	\$ 20,061
5020	Total Revenues	<u>114,000</u>	<u>20,061</u>
	OPERATING EXPENSES:		
6100	Payroll Costs	52,683	--
6200	Professional and Contracted Services	--	11,979
6300	Supplies and Materials	--	23,068
6400	Other Operating Costs	59,500	19,780
6030	Total Expenses	<u>112,183</u>	<u>54,827</u>
1300	Change in Net Position	1,817	(34,766)
0100	Total Net Position - Beginning	19,686	42,726
3300	Total Net Position - Ending	<u>\$ 21,503</u>	<u>\$ 7,960</u>

The accompanying notes are an integral part of this statement.

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LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2021

	Nonmajor Enterprise Fund	Nonmajor Internal Service Fund
	Panther Broadcasting	LHS Print Shop
Cash Flows from Operating Activities:		
Cash Received from User Charges	\$ 110,600	\$ 20,061
Cash Payments to Employees for Services	(52,683)	--
Cash Payments to Suppliers for Goods and Services	(93,617)	(20,061)
Net Cash Used by Operating Activities	(35,700)	--
Net Decrease in Cash and Cash Equivalents	(35,700)	--
Cash and Cash Equivalents at Beginning of Year	35,700	--
Cash and Cash Equivalents at End of Year	\$ --	\$ --
Reconciliation of Operating Income to Net Cash Used by Operating Activities:		
Operating Income	\$ 1,817	\$ (34,766)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	--	19,780
Change in Assets and Liabilities:		
(Increase) in Due from Other Funds	(32,522)	--
(Increase) in Other Receivables	(3,400)	--
(Decrease) in Accounts Payable	(15,901)	(219)
Increase in Due to Other Funds	14,306	15,205
Total Adjustments	(37,517)	34,766
Net Cash Used by Operating Activities	\$ (35,700)	\$ --

The accompanying notes are an integral part of this statement.

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LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2021

Data Control Codes		Custodial Funds
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 239,653
1000	Total Assets	<u>239,653</u>
	LIABILITIES:	
2000	Total Liabilities	<u>--</u>
	NET POSITION:	
3800	Restricted for Other Purposes	239,653
3000	Total Net Position	<u>\$ 239,653</u>

The accompanying notes are an integral part of this statement.

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

	Custodial Funds
ADDITIONS:	
Interest Income	\$ 318
Other Revenue - Student Activities	356,695
Total Additions	<u>357,013</u>
DEDUCTIONS:	
Student Activity Expense	443,329
Total Deductions	<u>443,329</u>
Change in Fiduciary Net Position	(86,316)
Net Position-Beginning of the Year	--
Prior Period Adjustment	325,969
Net Position-End of the Year	<u><u>\$ 239,653</u></u>

The accompanying notes are an integral part of this statement.

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LUFKIN 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 Lufkin 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, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and 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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

ESSER II of the CRRSA (ESSER II): This fund accounts for the federal stimulus funds from the Elementary and Secondary Emergency Relief (ESSER) Fund received through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act.

Construction Fund: This fund accounts for the construction projects for the District.

In addition, the District reports the following fund types:

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

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

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

b. **Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements 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.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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. The allowance for uncollectible taxes was \$705,883 as of August 31, 2021.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

d. 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 asset 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 and improvements	7 - 50
Furniture and equipment	5 - 20
Capital leases	5 - 10

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements 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.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

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.

For the year ended August 31, 2021, the District has items that qualify for reporting as deferred outflows of resources and deferred inflows of resources. The District reports the deferred outflows and deferred inflows related to the Teacher Retirement System of Texas (TRS) net pension and net OPEB liabilities only on the government-wide Statement of Net Position. Those items are detailed in Notes J and K. The deferred charge on refundings is related to the refunding bonds issued in 2015, 2016, 2017, and 2020. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. On the governmental funds balance sheet, the unavailable property tax revenue is reported as a deferred inflow of resources. This revenue is recognized in the period in which the revenue becomes available.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is not provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, disclosure is provided to disaggregate significant balances in Note F.

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

g. 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.

h. Use of Estimates

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

i. 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.

j. 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.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

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.

k. 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.

l. 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.

4. Pensions

The fiduciary net position of the TRS pension 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 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' 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.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standard is summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 84, *Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds in its fiduciary financial statements. The District reviewed its agency funds for classification under this statement and determined that the funds will be reported in the new fiduciary classification of custodial funds. This reclassification resulted in the restatement of the District's fiduciary financial statements.

7. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed:

Statement No. 87, *Leases* (June 15, 2021)
Statement No. 89, *Accounting for Interest Cost Incurred before the
End of a Construction Period* (December 15, 2020)
Statement No. 91, *Conduit Debt Obligations* (December 15, 2021)
Statement No. 92, *Omnibus 2020* (June 15, 2021)
Statement No. 93, *Replacement of Interbank Offered Rates* (June 15, 2021)

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. 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.

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 \$11,421,989 and the bank balance was \$12,993,451. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the pledging financial institution's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (PFIA), 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 PFIA requires a review of investment practices and controls over investments to be performed in conjunction with the annual financial audit. The District is in substantial compliance with the requirements of the PFIA and with local policies.

The PFIA 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, and 11) interest-bearing deposits.

The District's investments at August 31, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
<u>Cash Equivalents - Money Market Mutual Funds</u>		
TexPool	31 days	\$ 52,071,627
Total Investments		\$ <u>52,071,627</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

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. The District's investment policy does not limit its investment in public funds investment pools based on credit ratings. At August 31, 2021, the District's investment in TexPool was rated AAAM as to credit quality by Standard & Poor's.

b. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy does not limit its investment in public funds investment pools. Weighted average maturities are noted in the table above.

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.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the PFIA. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members advise on the investment policy and approve any fee increases. All investments are stated at amortized cost, which approximates fair value. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

LUFKIN 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 August 31, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,324,278	\$ 38,206	\$ --	\$ 2,362,484
Construction in progress	12,817,772	21,154,534	--	33,972,306
Total capital assets not being depreciated	15,142,050	21,192,740	--	36,334,790
Capital assets being depreciated:				
Buildings and improvements	123,658,312	10,702,538	--	134,360,850
Furniture and equipment	15,217,004	694,694	643,702	15,267,996
Total capital assets being depreciated	138,875,316	11,397,232	643,702	149,628,846
Less accumulated depreciation for:				
Buildings and improvements	(61,400,603)	(2,592,271)	--	(63,992,874)
Furniture and equipment	(10,904,823)	(991,152)	(642,829)	(11,253,146)
Total accumulated depreciation	(72,305,426)	(3,583,423)	(642,829)	(75,246,020)
Total capital assets being depreciated, net	66,569,890	7,813,809	873	74,382,826
Governmental activities capital assets, net	\$ 81,711,940	\$ 29,006,549	\$ 873	\$ 110,717,616

Depreciation was charged to functions as follows:

Instruction	\$ 1,893,253
Instructional Resources and Media Services	29,848
Curriculum and Staff Development	135,019
Instructional Leadership	77,100
School Leadership	194,738
Guidance, Counseling, & Evaluation Services	113,475
Social Work Services	5,088
Health Services	36,749
Student Transportation	102,975
Food Services	174,336
Extracurricular Activities	68,503
General Administration	114,527
Plant Maintenance and Operations	493,978
Security and Monitoring Services	57,752
Data Processing Services	84,531
Community Services	1,551
	<u>\$ 3,583,423</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2021, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 1,811,134	Short-term advances
General Fund	ESSER II	3,541,093	Short-term advances
Nonmajor Enterprise Fund	General Fund	32,522	Short-term advances
Other Governmental Funds	General Fund	764,580	Short-term advances
General Fund	Nonmajor Enterprise Fund	14,306	Short-term advances
General Fund	Nonmajor Internal Service Fund	35,133	Short-term advances
	Total	\$ 6,198,768	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2021, consisted of the following:

Transfers From	Transfers To	Amount	Reason
ESSER II	General fund	\$ 168,655	Reimbursement of prior costs related to COVID-19
Other Governmental Funds	General fund	971,631	Reimbursement of prior costs related to COVID-19
ESSER II	Other Governmental Funds	528,173	Reimbursement of prior costs related to COVID-19
	Total	\$ 1,668,459	

F. Due To/Due From Other Governments

Due from other governments consisted of the following at August 31, 2021:

	General Fund	ESSER II	Other Governmental Funds	Total
Due from State - Foundation	\$ 3,557,108	\$ --	\$ --	\$ 3,557,108
Due from State - Grant programs	--	3,541,093	2,355,360	5,896,453
Due from Federal Agencies	289,755	--	110,210	399,965
Total	\$ 3,846,863	\$ 3,541,093	\$ 2,465,570	\$ 9,853,526

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

At August 31, 2021, due to other governments consisted of the following:

	General Fund	Other Governmental Funds	Total
Due to State - EDA revenue	\$ --	\$ 56,329	\$ 56,329
Due to State - Foundation	3,307,828	--	3,307,828
	<u>\$ 3,307,828</u>	<u>\$ 56,329</u>	<u>\$ 3,364,157</u>

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. 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
Governmental activities:					
General obligation bonds	\$ 96,555,000	\$ --	\$ 4,150,000	\$ 92,405,000	\$ 4,140,000
Notes from Direct Borrowings and Direct Placements	--	4,710,000	--	4,710,000	435,000
Total bonds and notes	96,555,000	4,710,000	4,150,000	97,115,000	4,575,000
Capital leases	1,433,173	1,508,910	1,108,462	1,833,621	882,935
Unamortized bond premiums	6,416,598	189,692	444,110	6,162,180	--
Total governmental activities	<u>\$ 104,404,771</u>	<u>\$ 6,408,602</u>	<u>\$ 5,702,572</u>	<u>\$ 105,110,801</u>	<u>\$ 5,457,935</u>

2. Bonds Payable

The following is a summary of bonds payable currently outstanding at August 31, 2021:

	Interest Rates	Maturity Date	Amount
Unlimited Tax School Building Bonds, Series 2012	2%	2022	\$ 1,510,000
Unlimited Tax School Building & Refunding Bonds, Series 2014	2% to 3%	2023	1,320,000
Unlimited Tax Refunding Bonds, Series 2015	2.25% to 3.65%	2038	8,160,000
Unlimited Tax Refunding Bonds, Series 2016	2% to 4%	2039	8,350,000
Unlimited Tax Refunding Bonds, Series 2017	1.5% to 3.15%	2039	8,740,000
Unlimited Tax School Building & Refunding Bonds, Series 2018	3.125% to 5%	2043	39,890,000
Unlimited Tax School Building Bonds, Series 2020	2% to 5%	2045	24,435,000
Total Bonds			<u>\$ 92,405,000</u>

3. Maintenance Tax Notes

The District issued \$4,710,000 of Maintenance Tax Notes, Series 2021 dated March 1, 2021. The notes mature in August 2031. The interest rate ranges from 1% to 2%. The amount outstanding at August 31, 2021 is \$4,710,000.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

4. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2021, are as follows:

Year Ending August 31,	Governmental Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 4,140,000	\$ 3,223,536	\$ 435,000	\$ 69,700
2023	3,660,000	3,098,836	445,000	61,000
2024	3,190,000	2,937,830	450,000	52,100
2025	3,315,000	2,787,124	460,000	43,100
2026	3,445,000	2,630,199	470,000	33,900
2027-2031	19,515,000	10,786,250	2,450,000	74,000
2032-2036	22,970,000	7,163,500	--	--
2037-2041	22,220,000	3,312,821	--	--
2042-2045	9,950,000	577,119	--	--
Totals	\$ 92,405,000	\$ 36,517,215	\$ 4,710,000	\$ 333,800

5. Capital Leases

In prior years, the District entered into capital leases with Dell Financial Services and Regions Commercial Equipment Finance, LLC to finance the purchase of technology equipment and a scoreboard, respectively. The assets acquired through the lease with Dell Financial did not exceed the District's capitalization threshold.

During fiscal year 2021, the District entered into capital leases with Wells Fargo and Dell Financial Services to finance the purchase of copiers and technology equipment, respectively. The interest rates on those leases are 2.96% and 2.46%, respectively. The assets acquired through these leases did not exceed the District's capitalization threshold.

Interest expense on capital leases for the year ended August 31, 2021 totaled \$85,449.

The capital assets acquired through capital leases are as follows:

	Governmental Activities
Furniture and equipment	\$ 383,791
Less: Accumulated depreciation	(230,275)
Total	\$ 153,516

Commitments under capitalized lease agreements for equipment provide for minimum future lease payments as of August 31, 2021, as follows:

Year Ending August 31:	
2022	\$ 934,521
2023	682,839
2024	301,093
Total minimum rentals	1,918,453
Less amount representing interest	(84,832)
Total Minimum Rentals	\$ 1,833,621

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

H. Fund Balance

At August 31, 2021, other committed fund balance of \$980,000 was for reading academies. The other assigned fund balance consisted of \$1,700,000 for furniture for the new middle school.

I. 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.

The District is a member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The District participates in the Property, Liability, Auto, and Worker's Compensation Programs.

For the Property, Liability, and Auto programs, the Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves.

The Workers' Compensation program is authorized by Chapter 504 of the Texas Labor Code. The Fund provides statutory workers' compensation benefits to its members' injured employees. The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2,000,000. The Fund uses the services of an independent actuary to determine the reserve adequacy and fully funds those reserves. As of August 31, 2020, the Fund carries a discounted reserve of \$44,135,645 for future development on reported claims and claims that have been incurred but not yet reported.

For the year ended August 31, 2021, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payments of contributions for all programs in which it participates.

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

J. Pension Plan

1. Plan Description

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

2. Pension Plan Fiduciary Net Position

Detail information about the TRS' fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, selecting About TRS or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

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

4. Contributions

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

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

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Employer Contributions (fiscal year)		\$ 1,834,706
Member Contributions (fiscal year)		4,529,762
NECE On-Behalf Contributions (measurement year)	\$ 3,254,226	

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

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

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

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

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

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
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
	None

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

6. Discount Rate

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

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

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

Asset Class	Target Allocation % *	Long-Term Expected Geometric Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	(0.70)%	(0.05)%
Absolute Return (including Credit Sensitive Investments)	-	1.80%	-
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources & Infrastructure	6.00%	6.00%	0.42%
Commodities	-	0.08%	-
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	(1.50)%	(0.03)%
Asset Allocation Leverage	(6.00%)	(1.30)%	0.08%
Inflation Expectation			2.00%
Volatility Drag ***			(0.67)%
Total	100.0%		7.33%
* Target allocations are based on the FY2020 policy model. ** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020) *** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

7. Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using a discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 35,901,480	\$ 23,282,683	\$ 13,030,186

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

At August 31, 2021, the District reported a liability of \$23,282,683 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 23,282,683
State's proportionate share that is associated with District	<u>42,241,592</u>
Total	<u>\$ 65,524,275</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 0.0434719371%, which was an increase (decrease) of 0.00266777% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2021, the District recognized pension expense of \$5,080,726 and revenue of \$5,080,726 for support provided by the State. The District also recognized their proportionate share of pension expense of \$4,000,575.

LUFKIN 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 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	\$ 42,512	\$ 649,758
Changes in actuarial assumptions	5,402,411	2,297,067
Difference between projected and actual investment earnings	471,338	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,758,167	--
Contributions paid to TRS subsequent to the measurement date	1,834,706	--
Total	<u>\$ 9,509,134</u>	<u>\$ 2,946,825</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:

Measurement Year Ended August 31,	Pension Expense Amount
2021	\$ 1,254,305
2022	1,468,791
2023	1,392,936
2024	598,320
2025	(36,389)
Thereafter	49,640

K. 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 TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at 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.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

3. Benefits Provided

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

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

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

	TRS-Care Monthly Premium Rates	
	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

4. Contributions

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

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

	Contribution Rates	
	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
Employer Contributions (fiscal year)		\$ 507,632
Member Contributions (fiscal year)		382,383
NECE On-Behalf Contributions (measurement year)	\$ 670,242	

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

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

5. Actuarial Assumptions

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

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

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

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

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.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad Hoc Post-Employment Benefit Changes	None

The healthcare trend rates consist of separate medical and prescription rates. The initial medical trend rates were 9.00% and 7.30% for Medicare retirees and non-Medicare retirees, respectively. The initial prescription trend rate was 9.00% for all retirees. These initial trend rates decrease to an ultimate trend rate of 4.5% over a period of 13 years.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

6. Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. This was a decrease of 0.30% in the discount rate since the previous year. Because the plan is essentially a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (2.33%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 29,935,903	\$ 24,946,633	\$ 21,005,826

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

At August 31, 2021, the District reported a liability of \$24,946,633 for its proportionate share of the TRS 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	\$ 24,946,633
State's proportionate share that is associated with the District	33,522,295
Total	<u>\$ 58,468,928</u>

The net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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, 2020, the District's proportion of the collective net OPEB liability was 0.0656239669%, which is an increase (decrease) of 0.0014709272% 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 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of net OPEB liability	\$ 20,378,203	\$ 24,946,633	\$ 31,031,136

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

Changes Since the Prior Actuarial Valuation

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

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

There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, the District recognized OPEB expense of \$(232,766) and revenue of \$(232,766) for support provided by the State. The District also recognized their proportionate share of OPEB expense of \$(36,670).

At August 31, 2021, the District reported its proportionate share of the TRS 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	\$ 1,306,196	\$ 11,416,855
Changes in actuarial assumptions	1,538,689	6,850,474
Differences between projected and actual investment earnings	8,107	--
Changes in proportion and difference between the District's contributions and District's contributions and the proportionate share of contributions	2,115,347	--
Contributions paid to TRS subsequent to the measurement date	507,632	--
Total	<u>\$ 5,475,971</u>	<u>\$ 18,267,329</u>

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:

Measurement Year Ended August 31,	OPEB Expense Amount
2021	\$ (2,254,968)
2022	(2,256,052)
2023	(2,256,672)
2024	(2,256,502)
2025	(1,590,173)
Thereafter	(2,684,625)

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

L. 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 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 fiscal year ended August 31, 2021, the subsidy payments received by TRS-Care on behalf of the District were \$259,421.

M. 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 is a member of TRS-ActiveCare, a statewide health insurance coverage plan for public school employees. It was established by Chapter 1579, "Texas School Employees Uniform Health Coverage Act", of the Texas Insurance Code. Employees can choose from PPO plans administered by Aetna and CVS Caremark.

The District paid premiums of \$300 per month per employee. 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 the licensed insurer.

N. Commitments and Contingencies

1. Contingencies - Grants

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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the District's opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the District and are covered by insurance.

3. Commitments

At August 31, 2021, the District has remaining commitments for several projects as follows:

Vendor	Project	Amount
Berry & Clay, Inc.	Lufkin Middle School	\$ 35,118,501
Berry & Clay, Inc.	Lufkin ISD Multi-purpose	517,253
E3 Entegral Solutions, Inc.	Energy Project	101,547

4. Other Contingencies

At August 31, 2021, the District has disputed part of an invoice related to natural gas charges during the winter storm that occurred in February 2021. The amount in dispute totals \$109,407. This amount has not been included in the financial statements for the year ended August 31, 2021 because the District does not believe that they owe the remaining amount based on the contract in place.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

O. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides a Regional Day School Program for the Deaf to the member districts listed below. All services are provided by the fiscal agent. The funding for the SSA comes directly to the fiscal agent from federal and state grants. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Lufkin ISD	\$ 173,345
Central ISD	15,082
Zavalla ISD	15,082
Hudson ISD	39,574
Diboll ISD	3,771
Corrigan-Camden ISD	7,541
Groveton ISD	7,541
Crockett ISD	7,541
West Sabine ISD	7,541
Broadus ISD	30,164
Onalaska ISD	11,279
Huntington ISD	9,410
Total	\$ 327,871

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for an alternative school for at-risk students.

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, Hudson ISD, 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.

P. Related Parties

During fiscal year 2021, the District paid \$5,561,286 for a construction project to a vendor that is owned by a family member of a board member.

Q. Subsequent Events

In February 2022, the District issued the remaining \$9,420,000 of bonds that were authorized pursuant to the bond election held in May 2018. The bonds are dated February 1, 2022 and have interest rates that range from 2% to 3%. They mature in August 2042.

In September 2021, the District was the victim of a cyber attack that caused the District to lose access to their computer system for a period of time. As a result, the District contracted with Dell Marketing for their cyber/security team as well as obtained Managed Detection and Response services from Dell Financial Services.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

R. Risks and Uncertainties

The COVID-19 pandemic developed rapidly early in 2020. Measures taken by various governments to contain the virus have affected economic activity. Various safety and health measures have been implemented by the District to monitor and mitigate the effects of the virus on its students and employees. The District reopened campuses to staff and students in August 2020 for the start of the 2020-2021 school year; however, they continued to offer a virtual/online learning option. During the year, the District discontinued the virtual/online learning option unless certain criteria were met.

As of the date that these financial statements were available to issued, the COVID-19 pandemic is ongoing in the United States as well as around the world. As the spread of COVID-19 continues, the potential impact is difficult to assess.

S. Prior Period Adjustment

The District has adopted GASB Statement No. 84 which is described in Note A. Prior to the implementation of this statement, the District's student activity funds were reported only in the statement of fiduciary net position. After the implementation of this statement, those funds are reported as custodial funds in the statement of fiduciary net position and the statement of changes in fiduciary net position. The effect of reporting student activity funds as custodial funds is an increase to beginning net position of \$325,969 for custodial funds.

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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.

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LUFKIN 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
		Budgeted Amounts		Actual	Final Budget Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 28,455,272	\$ 28,615,287	\$ 28,735,741	\$ 120,454
5800	State Program Revenues	49,135,248	49,135,248	49,658,269	523,021
5900	Federal Program Revenues	666,000	1,258,208	2,302,471	1,044,263
5020	Total Revenues	78,256,520	79,008,743	80,696,481	1,687,738
EXPENDITURES:					
Current:					
	Instruction and Instructional Related Services:				
0011	Instruction	42,477,087	46,722,507	45,905,185	817,322
0012	Instructional Resources and Media Services	760,138	818,758	803,345	15,413
0013	Curriculum and Staff Development	1,999,456	2,008,984	1,396,223	612,761
	Total Instruction and Instr. Related Services	45,236,681	49,550,249	48,104,753	1,445,496
	Instructional and School Leadership:				
0021	Instructional Leadership	1,497,552	1,540,124	1,433,344	106,780
0023	School Leadership	5,010,741	5,628,474	5,201,075	427,399
	Total Instructional and School Leadership	6,508,293	7,168,598	6,634,419	534,179
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	2,871,425	2,942,114	1,859,192	1,082,922
0032	Social Work Services	68,985	80,854	65,765	15,089
0033	Health Services	882,339	968,741	248,200	720,541
0034	Student (Pupil) Transportation	2,989,405	2,850,005	2,800,468	49,537
0036	Cocurricular/Extracurricular Activities	1,916,869	1,967,197	1,694,189	273,008
	Total Support Services - Student (Pupil)	8,729,023	8,808,912	6,667,814	2,141,098
	Administrative Support Services:				
0041	General Administration	2,403,211	2,634,655	2,603,365	31,290
	Total Administrative Support Services	2,403,211	2,634,655	2,603,365	31,290
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	8,163,846	9,225,392	8,114,776	1,110,616
0052	Security and Monitoring Services	1,390,080	1,582,801	1,576,293	6,508
0053	Data Processing Services	2,053,349	1,874,258	2,071,486	(197,228)
	Total Support Services - Nonstudent Based	11,607,275	12,682,452	11,762,555	919,897
	Ancillary Services:				
0061	Community Services	40,130	37,630	25,623	12,007
	Total Ancillary Services	40,130	37,630	25,623	12,007
	Debt Service:				
0071	Principal on Long-Term Debt	1,011,628	1,120,330	1,105,459	14,871
0072	Interest on Long-Term Debt	50,822	117,120	116,770	350
	Total Debt Service	1,062,450	1,237,450	1,222,229	15,221
	Facilities Acquisition and Construction:				
0081	Facilities Acquisition and Construction	--	788,935	628,465	160,470
	Total Facilities Acquisition and Construction	--	788,935	628,465	160,470

LUFKIN 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		
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	302,217	313,824	313,824	--
0099	Other Intergovernmental Charges	665,086	665,086	642,126	22,960
	Total Intergovernmental Charges	967,303	978,910	955,950	22,960
6030	Total Expenditures	76,554,366	83,887,789	78,605,173	5,282,616
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	1,702,154	(4,879,046)	2,091,308	6,970,354
	Other Financing Sources (Uses):				
7913	Issuance of Capital Leases	--	942,353	1,508,910	566,557
7915	Transfers In	--	1,126,597	1,140,286	13,689
7949	Insurance Recoveries	--	--	165,938	165,938
7080	Total Other Financing Sources and (Uses)	--	2,068,950	2,815,134	746,184
1200	Net Change in Fund Balance	1,702,154	(2,810,096)	4,906,442	7,716,538
0100	Fund Balance - Beginning	28,698,239	28,698,239	28,698,239	--
3000	Fund Balance - Ending	\$ 30,400,393	\$ 25,888,143	\$ 33,604,681	\$ 7,716,538

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LUFKIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS

	2021	2020	2019
District's proportion of the net pension liability (asset)	0.0434719371%	0.0408041663%	0.0405775796%
District's proportionate share of the net pension liability (asset)	\$ 23,282,683	\$ 21,211,281	\$ 22,334,885
State's proportionate share of the net pension liability (asset) associated with the District	42,241,592	36,851,015	40,654,051
Total	<u>\$ 65,524,275</u>	<u>\$ 58,062,296</u>	<u>\$ 62,988,936</u>
District's covered payroll	\$ 57,405,227	\$ 51,349,869	\$ 50,277,113
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.56%	41.31%	44.42%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

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

EXHIBIT G-2

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.039856211%	0.03975594%	0.0409687%	0.0263074%
\$ 12,743,869	\$ 15,023,180	\$ 14,481,890	\$ 7,027,070
<u>24,122,414</u>	<u>28,891,803</u>	<u>28,512,444</u>	<u>26,024,935</u>
<u>\$ 36,866,283</u>	<u>\$ 43,914,983</u>	<u>\$ 42,994,334</u>	<u>\$ 33,052,005</u>
\$ 48,259,514	\$ 47,407,377	\$ 46,514,382	\$ 45,682,704
26.41%	31.69%	31.13%	15.38%
82.17%	78.00%	78.43%	83.25%

LUFKIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	2021	2020	2019
Contractually required contribution	\$ 1,834,706	\$ 1,793,812	\$ 1,427,961
Contributions in relation to the contractually required contribution	(1,834,706)	(1,793,812)	(1,427,961)
Contribution deficiency (excess)	\$ --	\$ --	\$ --
District's covered payroll	\$ 58,884,854	\$ 57,405,277	\$ 51,349,869
Contributions as a percentage of covered payroll	3.12%	3.12%	2.78%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2019 - August 31, 2020.

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

EXHIBIT G-3

2018	2017	2016	2015
\$ 1,366,667	\$ 1,306,254	\$ 1,263,147	\$ 1,213,100
(1,366,667)	(1,306,254)	(1,263,147)	(1,213,100)
\$ --	\$ --	\$ --	\$ --
\$ 50,277,113	\$ 48,259,514	\$ 47,407,377	\$ 46,514,382
2.72%	2.71%	2.66%	2.61%

LUFKIN INDEPENDENT SCHOOL DISTRICT**EXHIBIT G-4**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS

	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)	0.0656239669%	0.0641530397%	0.0640025333%	0.061037761%
District's proportionate share of the net OPEB liability (asset)	\$ 24,946,633	\$ 30,338,758	\$ 31,957,051	\$ 26,543,032
State proportionate share of the collective net OPEB liability (asset) associated with the District	33,522,295	40,313,424	41,377,775	36,672,199
Total	\$ 58,468,928	\$ 70,652,182	\$ 73,334,826	\$ 63,215,231
District's covered payroll	\$ 57,405,227	\$ 51,349,869	\$ 50,277,113	\$ 48,259,514
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	43.46%	59.08%	63.56%	55.00%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

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

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

EXHIBIT G-5

	2021	2020	2019	2018
Contractually required contribution	\$ 507,632	\$ 498,786	\$ 455,417	\$ 441,421
Contributions in relation to the contractually required contribution	(507,632)	(498,786)	(455,417)	(441,421)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 58,884,854	\$ 57,405,277	\$ 51,349,869	\$ 50,277,113
Contributions as a percentage of covered payroll	0.86%	0.87%	0.89%	0.88%

Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2019 - August 31, 2020.

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

Budget

The official budget was prepared for adoption for the general fund in accordance with accounting principles 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 increased at the fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. 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 manager at the revenue object and expenditure function level. The Board has authorized the business office to move funds between functions or objects as long as there is no change to the overall budget.

There is not a legal requirement to adopt a budget for the ESSER II of the CRRSA fund; therefore, the District did not adopt a budget for that fund.

Defined Benefit Pension and OPEB Plans

Changes of benefit terms - Pension and OPEB Plans

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

Changes of assumptions and other inputs - Pension Plan

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

Changes of assumptions and other inputs - OPEB Plan

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

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

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.

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LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Fund Maintenance Tax Note	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:					
1110	Cash and Cash Equivalents	\$ 898,135	\$ 894,643	\$ 635,628	\$ 2,428,406
1225	Taxes Receivable, Net	--	238,366	--	238,366
1240	Due from Other Governments	2,465,570	--	--	2,465,570
1260	Due from Other Funds	764,580	--	--	764,580
1290	Other Receivables, Net	11,578	--	--	11,578
1300	Inventories	20,108	--	--	20,108
1000	Total Assets	<u>\$ 4,159,971</u>	<u>\$ 1,133,009</u>	<u>\$ 635,628</u>	<u>\$ 5,928,608</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 112,898	\$ --	\$ 317,261	\$ 430,159
2160	Accrued Wages Payable	353,116	--	--	353,116
2170	Due to Other Funds	1,811,134	--	--	1,811,134
2180	Due to Other Governments	--	56,329	--	56,329
2200	Accrued Expenditures	--	--	236,449	236,449
2300	Unearned Revenue	3,541	--	--	3,541
2000	Total Liabilities	<u>2,280,689</u>	<u>56,329</u>	<u>553,710</u>	<u>2,890,728</u>
DEFERRED INFLOWS OF RESOURCES:					
	Unavailable Property Tax Revenue	--	238,366	--	238,366
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>238,366</u>	<u>--</u>	<u>238,366</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	20,108	--	--	20,108
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	1,147,382	--	--	1,147,382
3470	Capital Acquisitions and Contractual Obligations	--	--	81,918	81,918
3480	Retirement of Long-Term Debt	--	838,314	--	838,314
3490	Other Restrictions of Fund Balance	711,792	--	--	711,792
3000	Total Fund Balances	<u>1,879,282</u>	<u>838,314</u>	<u>81,918</u>	<u>2,799,514</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,159,971</u>	<u>\$ 1,133,009</u>	<u>\$ 635,628</u>	<u>\$ 5,928,608</u>

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LUFKIN INDEPENDENT SCHOOL DISTRICTCOMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Fund Maintenance Tax Note	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:					
5700	Local and Intermediate Sources	\$ 675,308	\$ 7,691,196	\$ 926	\$ 8,367,430
5800	State Program Revenues	1,103,042	405,239	--	1,508,281
5900	Federal Program Revenues	13,086,318	--	--	13,086,318
5020	Total Revenues	<u>14,864,668</u>	<u>8,096,435</u>	<u>926</u>	<u>22,962,029</u>
EXPENDITURES:					
Current:					
0011	Instruction	5,980,270	--	--	5,980,270
0012	Instructional Resources and Media Services	14,655	--	--	14,655
0013	Curriculum and Staff Development	1,757,025	--	--	1,757,025
0021	Instructional Leadership	553,981	--	--	553,981
0023	School Leadership	135,817	--	--	135,817
0031	Guidance, Counseling, and Evaluation Services	166,963	--	--	166,963
0032	Social Work Services	73,674	--	--	73,674
0033	Health Services	27,640	--	--	27,640
0034	Student Transportation	21,612	--	--	21,612
0035	Food Service	4,777,761	--	--	4,777,761
0036	Cocurricular/Extracurricular Activities	183,156	--	--	183,156
0041	General Administration	16,741	--	--	16,741
0051	Facilities Maintenance and Operations	355,650	--	4,728,988	5,084,638
0052	Security and Monitoring Services	6,424	--	--	6,424
0053	Data Processing Services	245,125	--	--	245,125
0061	Community Services	16,875	--	--	16,875
0071	Principal on Long-term Debt	3,003	4,150,000	--	4,153,003
0072	Interest on Long-term Debt	238	3,329,037	--	3,329,275
0073	Bond Issuance Costs and Fees	--	7,985	89,712	97,697
0081	Facilities Acquisition and Construction	289,537	--	--	289,537
6030	Total Expenditures	<u>14,626,147</u>	<u>7,487,022</u>	<u>4,818,700</u>	<u>26,931,869</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>238,521</u>	<u>609,413</u>	<u>(4,817,774)</u>	<u>(3,969,840)</u>
Other Financing Sources and (Uses):					
7911	Issuance of Tax Maintenance Notes	--	--	4,710,000	4,710,000
7915	Transfers In	528,173	--	--	528,173
7916	Premium or Discount on Issuance of Debt	--	--	189,692	189,692
8911	Transfers Out	(971,631)	--	--	(971,631)
7080	Total Other Financing Sources and (Uses)	<u>(443,458)</u>	<u>--</u>	<u>4,899,692</u>	<u>4,456,234</u>
1200	Net Change in Fund Balances	<u>(204,937)</u>	<u>609,413</u>	<u>81,918</u>	<u>486,394</u>
0100	Fund Balances - Beginning	2,084,219	228,901	--	2,313,120
3000	Fund Balances - Ending	<u>\$ 1,879,282</u>	<u>\$ 838,314</u>	<u>\$ 81,918</u>	<u>\$ 2,799,514</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2021

Data Control Codes		211 Title I, Part A - Improving Basic Programs	224 IDEA - Part B, Formula	225 IDEA - Part B, Preschool	240 National School Breakfast/Lunch Program
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ 898,134
1240	Due from Other Governments	267,441	156,660	3,968	350,801
1260	Due from Other Funds	25	--	--	--
1290	Other Receivables, Net	--	--	--	--
1300	Inventories	--	--	--	20,108
1000	Total Assets	<u>\$ 267,466</u>	<u>\$ 156,660</u>	<u>\$ 3,968</u>	<u>\$ 1,269,043</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 19,581	\$ 10,520	\$ --	\$ 52,716
2160	Accrued Wages Payable	--	--	--	48,838
2170	Due to Other Funds	247,885	146,140	3,968	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>267,466</u>	<u>156,660</u>	<u>3,968</u>	<u>101,554</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	20,108
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	1,147,381
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,167,489</u>
4000	Total Liabilities and Fund Balances	<u>\$ 267,466</u>	<u>\$ 156,660</u>	<u>\$ 3,968</u>	<u>\$ 1,269,043</u>

242 Summer Feeding Program	244 Career & Technical - Basic Grant	255 Title II, Part A Training & Recruiting	263 English Lang. Acquisition & Enhancement	265 Title IV, Part B 21st Century Community LC
\$ 1	\$ --	\$ --	\$ --	\$ --
--	37,772	46,271	14,533	6,813
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 1</u>	<u>\$ 37,772</u>	<u>\$ 46,271</u>	<u>\$ 14,533</u>	<u>\$ 6,813</u>
\$ --	\$ 455	\$ 6,437	\$ 643	\$ 149
--	--	--	--	--
--	37,317	39,834	13,890	6,664
--	--	--	--	--
<u>--</u>	<u>37,772</u>	<u>46,271</u>	<u>14,533</u>	<u>6,813</u>
--	--	--	--	--
1	--	--	--	--
--	--	--	--	--
<u>1</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 1</u>	<u>\$ 37,772</u>	<u>\$ 46,271</u>	<u>\$ 14,533</u>	<u>\$ 6,813</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2021

Data Control Codes		266 ESSER I of the CARES Act	270 Title V, Part B Rural & Low Income	274 GEAR UP	276 Instructional Continuity
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	--	15,743	110,210	9,939
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables, Net	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>\$ --</u>	<u>\$ 15,743</u>	<u>\$ 110,210</u>	<u>\$ 9,939</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 853	\$ 4,427	\$ --
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	--	14,890	102,242	9,939
2300	Unearned Revenue	--	--	3,541	--
2000	Total Liabilities	<u>--</u>	<u>15,743</u>	<u>110,210</u>	<u>9,939</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 15,743</u>	<u>\$ 110,210</u>	<u>\$ 9,939</u>

277 Coronavirus Relief Fund	282 ESSER III of the American Rescue Plan Act	288 Student Support & Enrichment Program	315 IDEA - Part B, Discretionary	340 IDEA - Part C, Early Intervention
\$ --	\$ --	\$ --	\$ --	\$ --
--	994,825	123,823	11,030	9
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ 994,825</u>	<u>\$ 123,823</u>	<u>\$ 11,030</u>	<u>\$ 9</u>
\$ --	\$ 2,543	\$ 351	\$ 359	\$ --
--	304,278	--	--	--
--	688,004	123,472	10,671	9
--	--	--	--	--
<u>--</u>	<u>994,825</u>	<u>123,823</u>	<u>11,030</u>	<u>9</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ 994,825</u>	<u>\$ 123,823</u>	<u>\$ 11,030</u>	<u>\$ 9</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2021

Data Control Codes		385 Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Instructional Materials	429 School Safety & Security Grant
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	--	--	275,582	--
1260	Due from Other Funds	--	--	409	--
1290	Other Receivables, Net	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 275,991</u>	<u>\$ --</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	--	--	275,991	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>275,991</u>	<u>--</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 275,991</u>	<u>\$ --</u>

435 Regional Day School for the Deaf	459 Summer CTE Grant	461 Campus Activity Funds	499 Other Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ --	\$ --	\$ --	\$ --	\$ 898,135
40,150	--	--	--	2,465,570
--	--	194,156	569,990	764,580
--	--	--	11,578	11,578
--	--	--	--	20,108
<u>\$ 40,150</u>	<u>\$ --</u>	<u>\$ 194,156</u>	<u>\$ 581,568</u>	<u>\$ 4,159,971</u>
\$ 2,073	\$ --	\$ 3,175	\$ 8,616	\$ 112,898
--	--	--	--	353,116
38,077	--	6,276	45,865	1,811,134
--	--	--	--	3,541
<u>40,150</u>	<u>--</u>	<u>9,451</u>	<u>54,481</u>	<u>2,280,689</u>
--	--	--	--	20,108
--	--	--	--	1,147,382
--	--	184,705	527,087	711,792
<u>--</u>	<u>--</u>	<u>184,705</u>	<u>527,087</u>	<u>1,879,282</u>
<u>\$ 40,150</u>	<u>\$ --</u>	<u>\$ 194,156</u>	<u>\$ 581,568</u>	<u>\$ 4,159,971</u>

LUFKIN 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		211 Title I, Part A - Improving Basic Programs	224 IDEA - Part B, Formula	225 IDEA - Part B, Preschool	240 National School Breakfast/Lunch Program
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 89,451
5800	State Program Revenues	--	--	--	120,684
5900	Federal Program Revenues	2,181,247	1,413,624	6,937	4,488,534
5020	Total Revenues	<u>2,181,247</u>	<u>1,413,624</u>	<u>6,937</u>	<u>4,698,669</u>
EXPENDITURES:					
Current:					
0011	Instruction	1,141,116	1,250,126	6,937	--
0012	Instructional Resources and Media Services	1,179	--	--	--
0013	Curriculum and Staff Development	815,786	69,317	--	--
0021	Instructional Leadership	89,817	9,292	--	--
0023	School Leadership	--	63,000	--	--
0031	Guidance, Counseling, and Evaluation Services	55,161	21,889	--	--
0032	Social Work Services	73,674	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	4,657,821
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	4,514	--	--	--
0071	Principal on Long-term Debt	--	--	--	2,256
0072	Interest on Long-term Debt	--	--	--	179
0081	Facilities Acquisition and Construction	--	--	--	276,625
6030	Total Expenditures	<u>2,181,247</u>	<u>1,413,624</u>	<u>6,937</u>	<u>4,936,881</u>
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	(238,212)
1100	Expenditures	--	--	--	--
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	(238,212)
0100	Fund Balances - Beginning	--	--	--	1,405,701
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,167,489</u>

242 Summer Feeding Program	244 Career & Technical - Basic Grant	255 Title II, Part A Training & Recruiting	263 English Lang. Acquisition & Enhancement	265 Title IV, Part B 21st Century Community LC
\$ 1	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
106,650	108,702	350,352	125,887	6,520
106,651	108,702	350,352	125,887	6,520
--	40,710	--	124,427	--
--	--	--	--	--
--	--	276,383	510	--
--	--	67,351	950	6,520
--	--	900	--	--
--	67,992	--	--	--
--	--	--	--	--
--	--	--	--	--
106,650	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	5,718	--	--
--	--	--	--	--
--	--	--	--	--
106,650	108,702	350,352	125,887	6,520
1	--	--	--	--
--	--	--	--	--
--	--	--	--	--
1	--	--	--	--
--	--	--	--	--
\$ 1	\$ --	\$ --	\$ --	\$ --

LUFKIN 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		266	270	274	276
		ESSER I of the CARES Act	Title V, Part B Rural & Low Income	GEAR UP	Instructional Continuity
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	60,543	147,271	738,876	9,526
5020	Total Revenues	60,543	147,271	738,876	9,526
EXPENDITURES:					
Current:					
0011	Instruction	41,735	124,312	318,681	9,526
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	240,817	--
0021	Instructional Leadership	--	22,959	179,378	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--	--	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	12,778	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	6,030	--	--	--
0071	Principal on Long-term Debt	--	--	--	--
0072	Interest on Long-term Debt	--	--	--	--
0081	Facilities Acquisition and Construction	--	--	--	--
6030	Total Expenditures	60,543	147,271	738,876	9,526
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

277 Coronavirus Relief Fund	282 ESSER III of the American Rescue Plan Act	288 Student Support & Enrichment Program	315 IDEA - Part B, Discretionary	340 IDEA - Part C, Early Intervention
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
294,380	2,703,627	280,742	62,687	213
294,380	2,703,627	280,742	62,687	213
363,972	1,278,301	119,371	62,687	213
--	--	--	--	--
6,105	261,945	84,016	--	--
1,019	36,866	74,576	--	--
--	17,997	--	--	--
2,419	16,723	2,779	--	--
--	--	--	--	--
2,834	24,707	--	--	--
--	21,612	--	--	--
5,101	8,189	--	--	--
--	78,882	--	--	--
--	--	--	--	--
--	226,807	--	--	--
--	439	--	--	--
146,217	53,908	--	--	--
506	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
528,173	2,026,376	280,742	62,687	213
(233,793)	677,251	--	--	--
528,173	--	--	--	--
(294,380)	(677,251)	--	--	--
233,793	(677,251)	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

LUFKIN 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		385 Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Instructional Materials	429 School Safety & Security Grant
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	5,400	--	531,460	95,509
5900	Federal Program Revenues	--	--	--	--
5020	Total Revenues	<u>5,400</u>	<u>--</u>	<u>531,460</u>	<u>95,509</u>
EXPENDITURES:					
Current:					
0011	Instruction	5,400	493	531,400	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	--
0021	Instructional Leadership	--	--	60	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--	--	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	95,509
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	--	--
0071	Principal on Long-term Debt	--	--	--	--
0072	Interest on Long-term Debt	--	--	--	--
0081	Facilities Acquisition and Construction	--	--	--	--
6030	Total Expenditures	<u>5,400</u>	<u>493</u>	<u>531,460</u>	<u>95,509</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(493)</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200	Net Change in Fund Balances	--	(493)	--	--
0100	Fund Balances - Beginning	--	493	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

435 Regional Day School for the Deaf	459 Summer CTE Grant	461 Campus Activity Funds	499 Other Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ 64,370	\$ 521,486	\$ 675,308
327,871	22,118	--	--	1,103,042
--	--	--	--	13,086,318
<u>327,871</u>	<u>22,118</u>	<u>64,370</u>	<u>521,486</u>	<u>14,864,668</u>
264,669	22,118	62,134	211,942	5,980,270
--	--	11,114	2,362	14,655
--	--	--	2,146	1,757,025
63,202	--	1,516	475	553,981
--	--	9,736	44,184	135,817
--	--	--	--	166,963
--	--	--	--	73,674
--	--	--	99	27,640
--	--	--	--	21,612
--	--	--	--	4,777,761
--	--	11,677	92,597	183,156
--	--	963	15,778	16,741
--	--	--	20,556	355,650
--	--	--	5,985	6,424
--	--	--	45,000	245,125
--	--	--	107	16,875
--	--	747	--	3,003
--	--	59	--	238
--	--	--	12,912	289,537
<u>327,871</u>	<u>22,118</u>	<u>97,946</u>	<u>454,143</u>	<u>14,626,147</u>
--	--	(33,576)	67,343	238,521
--	--	--	--	528,173
--	--	--	--	(971,631)
--	--	--	--	(443,458)
--	--	(33,576)	67,343	(204,937)
--	--	218,281	459,744	2,084,219
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 184,705</u>	<u>\$ 527,087</u>	<u>\$ 1,879,282</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

CONSTRUCTION FUND

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 55,000	\$ 55,217	\$ 217
5020	Total Revenues	<u>55,000</u>	<u>55,217</u>	<u>217</u>
EXPENDITURES:				
Facilities Acquisition and Construction:				
0081	Facilities Acquisition and Construction	<u>75,482,919</u>	<u>31,018,695</u>	<u>44,464,224</u>
	Total Facilities Acquisition and Construction	<u>75,482,919</u>	<u>31,018,695</u>	<u>44,464,224</u>
6030	Total Expenditures	<u>75,482,919</u>	<u>31,018,695</u>	<u>44,464,224</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(75,427,919)</u>	<u>(30,963,478)</u>	<u>44,464,441</u>
1200	Net Change in Fund Balance	<u>(75,427,919)</u>	<u>(30,963,478)</u>	<u>44,464,441</u>
0100	Fund Balance - Beginning	54,319,069	54,319,069	--
3000	Fund Balance - Ending	<u>\$ (21,108,850)</u>	<u>\$ 23,355,591</u>	<u>\$ 44,464,441</u>

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.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2012 and Prior Years	\$	Various	\$	Various	\$	Various
2013		1.04		.17		2,142,161,488
2014		1.04		.167		2,253,455,551
2015		1.04		.173		2,260,211,707
2016		1.17		.043		2,237,252,432
2017		1.17		.043		2,208,569,827
2018		1.17		.043		2,238,124,155
2019		1.17		.28		2,348,562,069
2020		1.0683		.25		2,512,784,040
2021 (School Year Under Audit)		1.0381		.286		2,677,038,517

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
\$ 450,422	\$ --	\$ 43,773	\$ 4,760	\$ (30,861)	\$ 371,028
84,823	--	9,786	1,589	(2,870)	70,578
127,418	--	15,406	2,470	(2,092)	107,450
133,601	--	25,498	4,221	(2,152)	101,730
166,766	--	35,366	1,299	(820)	129,281
203,882	--	59,585	2,188	6,464	148,573
271,715	--	82,910	3,045	8,723	194,483
446,926	--	122,993	29,370	602	295,165
677,528	--	247,304	57,568	(28,950)	343,706
--	35,446,667	27,204,167	7,491,649	(159,899)	590,952
<u>\$ 2,563,081</u>	<u>\$ 35,446,667</u>	<u>\$ 27,846,788</u>	<u>\$ 7,598,159</u>	<u>\$ (211,855)</u>	<u>\$ 2,352,946</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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LUFKIN INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT J-2

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 84,575	\$ 89,451	\$ 4,876
5800	State Program Revenues	25,000	120,684	95,684
5900	Federal Program Revenues	3,635,018	4,488,534	853,516
5020	Total Revenues	<u>3,744,593</u>	<u>4,698,669</u>	<u>954,076</u>
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	3,638,175	4,657,821	(1,019,646)
	Total Support Services - Student (Pupil)	<u>3,638,175</u>	<u>4,657,821</u>	<u>(1,019,646)</u>
	Debt Service:			
0071	Principal on Long-Term Debt	--	2,256	(2,256)
0072	Interest on Long-Term Debt	--	179	(179)
	Total Debt Service	<u>--</u>	<u>2,435</u>	<u>(2,435)</u>
	Facilities Acquisition and Construction:			
0081	Facilities Acquisition and Construction	276,625	276,625	--
	Total Facilities Acquisition and Construction	<u>276,625</u>	<u>276,625</u>	<u>--</u>
6030	Total Expenditures	<u>3,914,800</u>	<u>4,936,881</u>	<u>(1,022,081)</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(170,207)</u>	<u>(238,212)</u>	<u>(68,005)</u>
1200	Net Change in Fund Balance	<u>(170,207)</u>	<u>(238,212)</u>	<u>(68,005)</u>
0100	Fund Balance - Beginning	1,405,701	1,405,701	--
3000	Fund Balance - Ending	<u>\$ 1,235,494</u>	<u>\$ 1,167,489</u>	<u>\$ (68,005)</u>

LUFKIN 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)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 7,651,952	\$ 7,691,196	\$ 39,244
5800	State Program Revenues	458,000	405,239	(52,761)
5020	Total Revenues	<u>8,109,952</u>	<u>8,096,435</u>	<u>(13,517)</u>
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	4,150,000	4,150,000	--
0072	Interest on Long-Term Debt	3,329,037	3,329,037	--
0073	Bond Issuance Costs and Fees	7,600	7,985	(385)
	Total Debt Service	<u>7,486,637</u>	<u>7,487,022</u>	<u>(385)</u>
6030	Total Expenditures	<u>7,486,637</u>	<u>7,487,022</u>	<u>(385)</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>623,315</u>	<u>609,413</u>	<u>(13,902)</u>
1200	Net Change in Fund Balance	<u>623,315</u>	<u>609,413</u>	<u>(13,902)</u>
0100	Fund Balance - Beginning	228,901	228,901	--
3000	Fund Balance - Ending	<u>\$ 852,216</u>	<u>\$ 838,314</u>	<u>\$ (13,902)</u>

Glenda J. Hiers, CPA
Richard A. Rudel, CPA
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Susan L. Murrell, CPA
Brenda A. Johnson



4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

**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
Lufkin Independent School District
Lufkin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lufkin Independent School District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Lufkin Independent School District's basic financial statements, and have issued our report thereon dated February 12, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lufkin 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 Lufkin Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lufkin 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**INDEPENDENT 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* - CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lufkin 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
February 12, 2022

Glenda J. Hiers, CPA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Lufkin Independent School District
Lufkin, Texas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED**

Report on Compliance for Each Major Federal Program - Continued

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED**

Report on Internal Control Over Compliance - Continued

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
February 12, 2022

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LUFKIN 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 X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: July & October 2021

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
	Special Education Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LUFKIN 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>
There were no prior audit findings related to federal awards; therefore, the summary schedule of prior audit findings is not required.		

LUFKIN INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2021

There are no current year findings; therefore, a corrective action plan is not required.

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

EXHIBIT K-1
Page 1 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
<u>U. S. Department of Agriculture</u>			
CHILD NUTRITION CLUSTER:			
Passed Through Texas Education Agency:			
School Breakfast Program	10.553	71402001	\$ -- \$ 97,740
School Breakfast Program	10.553	71402101	-- 859,033
Total Assistance Listing Number 10.553			-- 956,773
National School Lunch Program	10.555	71302001	-- 276,915
National School Lunch Program	10.555	71302101	-- 2,602,974
Passed Through Texas Department of Agriculture:			
National School Lunch Program	10.555	806780706	-- 310,455
National School Lunch Program (Non-cash)	10.555	806780706	-- 340,039
Total Assistance Listing Number 10.555			-- 3,530,383
Summer Food Service Program	10.559	806780706	-- 106,650
Total Child Nutrition Cluster			-- 4,593,806
State Administrative Expenses for Child Nutrition	10.560	806780706	-- 1,378
FOREST SERVICE SCHOOLS AND ROADS CLUSTER:			
Passed Through Angelina County:			
Schools & Roads - Grants to Counties	10.666	N/A	-- 37,621
Total Forest Service Schools and Roads Cluster			-- 37,621
<u>U. S. Department of the Treasury</u>			
Passed Through Texas Department of Emergency Management:			
COVID-19 Coronavirus Relief Fund	21.019	2020-CF-21019	-- 294,380
<u>U. S. Department of Education</u>			
Direct Program:			
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334		-- 27,857
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334		-- 743,268
Total Assistance Listing Number 84.334			-- 771,125
Passed Through Texas Education Agency:			
ESEA, Title I, Part A - Improving Basic Programs	84.010	20610101003903	-- 49,810
ESEA, Title I, Part A - Improving Basic Programs	84.010	21610101003903	-- 2,211,003
ESEA, Title I, Part A - Improving Basic Programs	84.010	21610103003903	-- 23,428
Total Assistance Listing Number 84.010			-- 2,284,241

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

EXHIBIT K-1
Page 2 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:			
SSA IDEA - Part B, Discretionary	84.027	206600110039036673	-- 12,599
IDEA - Part B, Formula	84.027	206600010039036600	-- 428,504
IDEA - Part B, Formula	84.027	216600010039036600	-- 1,050,824
SSA IDEA - Part B, Discretionary	84.027	216600110039036673	-- 52,828
Total Assistance Listing Number 84.027			-- 1,544,755
IDEA - Part B, Preschool	84.173	206610010039036610	-- 3,276
IDEA - Part B, Preschool	84.173	216610010039036610	-- 3,968
Total Assistance Listing Number 84.173			-- 7,244
Total Special Education (IDEA) Cluster			-- 1,551,999
Career & Technical - Basic Grant	84.048	21420006003903	-- 113,415
SSA IDEA - Part C, Early Intervention (Deaf)	84.181	213911010039033911	-- 222
Title IV, Part B - 21st Century Community Learning Centers	84.287	226950307110027	-- 6,814
ESEA, Title V, Part B, Subpart 2 - Rural & Low Income School Grant Program	84.358	20696001003903	-- 50,739
ESEA, Title V, Part B, Subpart 2 - Rural & Low Income School Grant Program	84.358	21696001003903	-- 102,930
Total Assistance Listing Number 84.358			-- 153,669
Title III, Part A - English Language Acquisition & Language Enhancement	84.365	20671001003903	-- 10,910
Title III, Part A - English Language Acquisition & Language Enhancement	84.365	21671001003903	-- 120,485
Total Assistance Listing Number 84.365			-- 131,395
ESEA, Title II, Part A - Teacher & Principal Training & Recruiting	84.367	20694501003903	-- 116,151
ESEA, Title II, Part A - Teacher & Principal Training & Recruiting	84.367	21694501003903	-- 249,542
Total Assistance Listing Number 84.367			-- 365,693
Instructional Continuity	84.377	17610740003903	-- 9,939
Title IV, Part A - Student Support & Academic Enrichment	84.424	20680101003903	-- 116,565
Title IV, Part A - Student Support & Academic Enrichment	84.424	21680101003903	-- 176,526
Total Assistance Listing Number 84.424			-- 293,091
COVID-19 Education Stabilization Fund	84.425D	21521001003903	-- 4,237,921
COVID-19 Education Stabilization Fund	84.425D	20521001003903	-- 67,148
Subtotal for 84.425D			-- 4,305,069
COVID-19 Education Stabilization Fund	84.425U	21528001003903	-- 3,008,263
Total Assistance Listing Number 84.425			-- 7,313,332

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

EXHIBIT K-1
Page 3 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients
<u>U. S. Department of Health and Human Services</u>			
MEDICAID CLUSTER:			
Passed Through Texas Department of Health & Human Services:			
Medicaid Administrative Claiming	93.778	HHS000537900187	--
			20,029
Total Medicaid Cluster			--
			20,029
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --
			\$ 17,942,149

The accompanying notes are an integral part of this schedule.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lufkin Independent School District (District) under programs of the federal government for the year ended August 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District. Therefore, some amounts may differ from amounts presented in, or used in the preparation of the financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation to Exhibit C-2

The reconciliation of the Schedule to federal program revenues reported in Exhibit C-2 is as follows:

Total federal awards per the Schedule	\$	17,942,149
Other Federal Revenue:		
E-rate		403,035
School Health and Related Services (SHARS)		<u>919,466</u>
Total federal program revenues per Exhibit C-2	\$	<u><u>19,264,650</u></u>

LUFKIN INDEPENDENT SCHOOL DISTRICTSCHEDULE 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 warrant hold was issued, the school district is considered to not have made timely payments.) 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.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ --