

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

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

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

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FOR THE YEAR ENDED AUGUST 31, 2021**

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SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Sands Consolidated Independent
School District
Name of School District

Dawson
County

058-909
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 16th day of December, 2021.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the Auditor's Report, the reason(s) for disapproving it is (are):
(attach list as necessary)

FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS

Board of School Trustees
Sands Consolidated Independent School District
Ackerly, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-9, budgetary comparison information on page 45, and the pension and other post-employment benefit (OPEB) related information on pages 46-50, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of Sands Consolidated Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 30, 2021

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

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

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

FINANCIAL HIGHLIGHTS

- The net position of the District increased by \$7,416,865. This increase is due to increases in property tax revenues as a result of significant increases in property values. Also during the current year, the District paid off all outstanding bonded debt. The District's statement of activities showed total revenues were \$23,077,373, and expenses totaled \$15,660,508.
- The District ended the year, August 31, 2021, with total net position of \$23,363,628, and unrestricted net position of \$12,700,911. The balance of cash and investments at August 31, 2021, was \$15,650,942, which does not include the fiduciary cash and investment accounts since these funds are not for District operations.
- Total general fund expenditures were \$14,967,982 for the year ended August 31, 2021, and this compares with general fund expenditures of \$12,553,548 for the year ended August 31, 2020 and is due to increases in the recapture payments to the state and the HVAC project during the current year.
- The District's total revenues on the fund financial statements increased from \$16,448,641 in 2019-20 to \$22,550,924 in 2020-21. This increase is due to the significant increase in property values.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Reporting the District as a Whole

Government-Wide Financial Statements

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

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

The District's two fund types—governmental and fiduciary—use different accounting approaches.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Table I
Sands Consolidated Independent School District
Net Position
August 31, 2021 and 2020

	August 31,	
	2021	2020
Cash and Temporary Investments	\$ 15,650,942	\$ 10,413,414
Receivables	1,134,918	735,208
Inventories		2,526
Capital Assets	<u>9,085,881</u>	<u>9,479,074</u>
Total Assets	<u>\$ 25,871,741</u>	<u>\$ 20,630,222</u>
Deferred Outflows of Resources	<u>\$ 400,638</u>	<u>\$ 517,914</u>
Total Deferred Outflows	<u>\$ 400,638</u>	<u>\$ 517,914</u>
Current Liabilities	\$ 763,208	\$ 849,143
Long-Term Liabilities	<u>1,381,180</u>	<u>3,793,025</u>
Total Liabilities	<u>\$ 2,144,388</u>	<u>\$ 4,642,168</u>
Deferred Inflows of Resources	<u>\$ 764,363</u>	<u>\$ 559,205</u>
Total Deferred Inflows	<u>\$ 764,363</u>	<u>\$ 559,205</u>
Net Position		
Net Investment in Capital Assets	\$ 9,085,881	\$ 6,714,074
Restricted for Debt Service	1,574,979	1,894,682
Restricted for Other Purposes	1,857	1,857
Unrestricted Net Position	<u>12,700,911</u>	<u>7,336,150</u>
Total Net Position	<u>\$ 23,363,628</u>	<u>\$ 15,946,763</u>

Changes in Net Position

The District's net position increased during the year ended August 31, 2021. The net position increased by \$7,416,865 (See Table II). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$5,364,761 from \$7,336,150 in 2020 to \$12,700,911 in 2021. This increase is related to the significant increases in property values.

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

	August 31,	
	2021	2020
Revenues:		
Program Revenues:		
Charges For Services	\$ 51,184	\$ 73,639
Operating Grants and Contributions	500,966	623,504
General Revenues:		
Maintenance and Operations Taxes	19,833,921	14,435,169
Debt Service Taxes	2,496,943	1,636,250
State Formula Aid	122,765	75,170
Grants and Contributions not Restricted		42,980
Investment Earnings	21,223	61,816
Miscellaneous	50,371	47,726
Total Revenue	<u>\$ 23,077,373</u>	<u>\$ 16,996,254</u>
Expenses:		
Instruction and Instructional-Related Services	\$ 2,108,152	\$ 2,161,387
Instructional and School Leadership	277,617	272,592
Student Support Services	69,254	99,063
Student Transportation	223,086	211,765
Food Services	232,769	210,457
Extracurricular Activities	307,547	305,950
General Administration	326,385	339,701
Plant Maintenance	739,873	700,294
Security, Data Processing, and Community Services	185,965	152,300
Debt Service	53,681	66,000
Contracted Instructional Services Between Schools	10,972,754	9,065,862
Other Intergovernmental Charges	163,425	144,783
Total Expenses	<u>\$ 15,660,508</u>	<u>\$ 13,730,154</u>
Increase (Decrease) in Net Position	<u>\$ 7,416,865</u>	<u>\$ 3,266,100</u>

The District's total revenues increased from \$16,996,254 in fiscal year 2020 to \$23,077,373 in 2021, an increase of \$6,081,119. This increase is due to the significant increase in property values. The total expenditures of the District increased by \$1,930,354 from \$13,730,154 to \$15,660,508. This increase is due to the increase in recapture payments to the state.

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

- The District's total property tax rate decreased from \$1.0800 in the prior year to \$0.9847 in the current year, a decrease of \$0.0953 in the M&O rate. The District's tax rate for M&O is \$0.8747 and the I&S rate is \$0.11. The District's appraised valuation of taxable property increased from \$1,446,200,939 to \$2,256,902,267, an increase of \$810,701,328 or 56.06%. The total school property taxes assessed for school year 2021 were \$22,223,717. This is an increase of \$6,604,747 from the \$15,618,970 assessed in 2020.
- The District's average daily attendance (ADA) is the basis for most of the State funding received. The ADA went from 242.942 in 2020 to 253.546 in 2021. Due to the increase in ADA and increases in per capita rates, state revenues increased \$47,595 from \$75,170 in 2020 to \$122,765 in 2021.

Fund Balances

The District's total Governmental Funds fund balance was \$15,061,188. This fund balance is reported in the various Governmental funds as follows:

General Fund

Assigned for Construction - \$10,000,000. This represents amounts the Superintendent has earmarked for future construction around the district.

Unassigned – \$3,582,400. This balance is available for current spending; it has been the practice of the District to try and maintain a fund balance that is at least several months operating expenses.

Debt Service Fund

Restricted for Retirement of Long-Term Debt – \$1,472,846. These funds are restricted by debt service covenants to fund the principal and interest payments of the bond issue.

Other Funds

Restricted for Other Purposes – \$1,857. This represents assets that have constraints placed on their use by the grantors.

Assigned for Campus Activity Funds – \$4,085. This represents amounts that management assigned for the use of Campus Activity Funds.

Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments were necessary to reflect the revised estimates of revenues and expenses. There were no individually significant amendments. The majority of amendments were to reclassify expenditures in various functions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

Debt

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

During the current year, the District retired all outstanding bonds.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has budgeted \$14,932,305 in general fund revenues for fiscal year 2021-2022. This is down \$4,964,068 from the \$19,896,373 actual general fund revenue for the 2020-2021 fiscal year. This decrease is attributable to decrease in M&O tax rate and decreases in property values.

The District also budgeted \$14,955,764 in general fund expenditures for 2021-2022. This is down \$12,218 from the actual 2020-2021 general fund expenditures of \$14,967,982, and is comparable to actual expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Sands Consolidated Independent School District, 101 1st Street, Ackerly, Texas 79713.

BASIC FINANCIAL STATEMENTS

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

**STATEMENT OF NET POSITION
GOVERNMENT-WIDE
AUGUST 31, 2020**

<u>Data Control Codes</u>		<u>Primary Government</u>
		<u>Governmental Activities</u>
	ASSETS:	
1110	Cash and Temporary Investments	\$ 15,650,942
1220	Property Taxes - Delinquent	979,930
1230	Allowance for Uncollectible Taxes	(18,466)
1240	Due from Other Governments	173,454
	Capital Assets:	
1510	Land	113,132
1520	Buildings and Improvements, Net	8,192,001
1530	Furniture and Equipment, Net	302,422
1540	Vehicles, Net	<u>478,326</u>
1000	Total Assets	<u>\$ 25,871,741</u>
	DEFERRED OUTFLOWS OF RESOURCES:	
1705	Deferred Outflow Related to TRS Pension Liability	\$ 234,525
1706	Deferred Outflow Related to TRS OPEB Liability	<u>166,113</u>
1700	Total Deferred Outflows of Resources	<u>\$ 400,638</u>
	LIABILITIES:	
2110	Accounts Payable	\$ 17,408
2160	Accrued Wages Payable	107,454
2180	Due to Other Governments	598,211
2200	Accrued Expenses	3,934
2300	Unearned Revenues	36,201
	Noncurrent Liabilities:	
2540	Net Pension Liability (District's Share)	601,154
2545	Net OPEB Liability (District's Share)	<u>780,026</u>
2000	Total Liabilities	<u>\$ 2,144,388</u>
	DEFERRED INFLOWS OF RESOURCES:	
2605	Deferred Inflow Related to TRS Pension Liability	\$ 171,268
2606	Deferred Inflow Related to TRS OPEB Liability	<u>593,095</u>
2600	Total Deferred Inflows of Resources	<u>\$ 764,363</u>
	NET POSITION:	
3200	Net Investment in Capital Assets	\$ 9,085,881
3850	Restricted for Debt Service	1,574,979
3890	Restricted for Other Purposes	1,857
3900	Unrestricted Net Position	<u>12,700,911</u>
3000	Total Net Position	<u><u>\$ 23,363,628</u></u>

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES
GOVERNMENT-WIDE
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	
0011	Instruction	\$ 2,074,495	\$	\$ 259,496	\$ (1,814,999)
0012	Instructional Resources and Media Services	21,909		520	(21,389)
0013	Curriculum and Staff Development	11,748		10,060	(1,688)
0021	Instructional Leadership	106,001		6,299	(99,702)
0023	School Leadership	171,616		8,903	(162,713)
0031	Guidance, Counseling, and Evaluation Services	67,087		15,896	(51,191)
0033	Health Services	2,167			(2,167)
0034	Student Transportation	223,086		7,223	(215,863)
0035	Food Services	232,769	8,446	113,781	(110,542)
0036	Extracurricular Activities	307,547	8,388	7,654	(291,505)
0041	General Administration	326,385		16,214	(310,171)
0051	Plant Maintenance and Operations	739,873	34,350	13,585	(691,938)
0052	Security and Monitoring Services	32,893		25,000	(7,893)
0053	Data Processing Services	141,385		6,308	(135,077)
0061	Community Services	11,687		10,007	(1,680)
0072	Interest on Long-Term Debt	48,141		20	(48,121)
0073	Bond Issuance Costs and Fees	5,540			(5,540)
0091	Contracted Instructional Services Between Schools	10,972,754			(10,972,754)
0099	Other Intergovernmental Charges	163,425			(163,425)
TP	Total Primary Government	\$ 15,660,508	\$ 51,184	\$ 500,966	\$ (15,108,358)

Data Control Codes

General Revenues:

MT	Property Taxes, Levied for General Purposes	\$ 19,833,921
DT	Property Taxes, Levied for Debt Service	2,496,943
SF	State Aid Formula Grants	122,765
IE	Investment Earnings	21,223
MI	Miscellaneous Local and Intermediate Revenue	50,371
TR	Total General Revenues	\$ 22,525,223
CN	Change in Net Position	\$ 7,416,865
NB	Net Position - Beginning	15,946,763
NE	Net Position - Ending	\$ 23,363,628

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	Major Funds			98 Total Governmental Funds	
	10 General Fund	50 Debt Service Fund	Other Governmental Funds		
ASSETS:					
1110	Cash and Temporary Investments	\$ 14,187,998	\$ 1,457,002	\$ 5,942	\$ 15,650,942
1220	Property Taxes - Delinquent	875,716	104,214		979,930
1230	Allowance for Uncollectible Taxes	(16,385)	(2,081)		(18,466)
1240	Due from Other Governments	127,441	15,844	30,169	173,454
1260	Due from Other Funds	6,700			6,700
1000	Total Assets	<u>\$ 15,181,470</u>	<u>\$ 1,574,979</u>	<u>\$ 36,111</u>	<u>\$ 16,792,560</u>
LIABILITIES:					
2110	Accounts Payable	\$ 14,380		\$ 3,028	\$ 17,408
2160	Accrued Wages Payable	89,059		18,395	107,454
2170	Due to Other Funds			6,700	6,700
2180	Due to Other Governments	598,211			598,211
2200	Accrued Expenditures	1,888		2,046	3,934
2300	Unearned Revenues	36,201			36,201
2000	Total Liabilities	<u>\$ 739,739</u>	<u>\$ 0</u>	<u>\$ 30,169</u>	<u>\$ 769,908</u>
DEFERRED INFLOWS OF RESOURCES:					
2601	Unavailable Revenue - Property Taxes	\$ 859,331	\$ 102,133		\$ 961,464
2600	Total Deferred Inflows	<u>\$ 859,331</u>	<u>\$ 102,133</u>	<u>\$ 0</u>	<u>\$ 961,464</u>
FUND BALANCES:					
Restricted for:					
3480	Retirement of Long-Term Debt		\$ 1,472,846		\$ 1,472,846
3490	Other Purposes			1,857	1,857
Assigned for:					
3550	Construction	10,000,000			10,000,000
3590	Campus Activity Funds			4,085	4,085
3600	Unassigned	3,582,400			3,582,400
3000	Total Fund Balances	<u>\$ 13,582,400</u>	<u>\$ 1,472,846</u>	<u>\$ 5,942</u>	<u>\$ 15,061,188</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 15,181,470</u>	<u>\$ 1,574,979</u>	<u>\$ 36,111</u>	<u>\$ 16,792,560</u>

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

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

Data
Control
Codes

	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 15,061,188
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$17,242,918, and the accumulated depreciation was (\$7,763,844). In addition, bonds payable are not due and payable in the current period and therefore are not reported as liabilities in these funds. The long-term debt was (\$2,765,000). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	6,714,074
2	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays \$245,772 and debt principal payments \$2,765,000 is to increase net position.	3,010,772
3	The 2021 depreciation expense and loss on disposal of assets increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(638,965)
4	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68 in the amount of (\$601,154), a Deferred Resource Inflow related to TRS in the amount of (\$171,268), and a Deferred Resource Outflow related to TRS in the amount of \$234,525. This amounted to a decrease in net position.	(537,897)
5	Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liabilities required by GASB 75 in the amount of (\$780,026), a Deferred Resource Inflow related to TRS in the amount of (\$593,095), and a Deferred Resource Outflow related to TRS in the amount of \$166,113. This amounted to a decrease in net position.	(1,207,008)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes recognizing deferred property tax revenue of \$961,464 as revenue. The effect of this reclassification is to increase net position.	<u>961,464</u>
19	Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 23,363,628</u>

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

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

Data Control Codes	Major Funds		Other Governmental Funds	98 Total Governmental Funds	
	10 General Fund	50 Debt Service Fund			
Revenues:					
5700	Local and Intermediate Sources	\$ 19,503,316	\$ 2,440,896	\$ 1,647	\$ 21,945,859
5800	State Program Revenues	285,655	20	31,578	317,253
5900	Federal Program Revenues	107,402		180,410	287,812
5020	Total Revenues	\$ 19,896,373	\$ 2,440,916	\$ 213,635	\$ 22,550,924
Expenditures:					
0011	Instruction	\$ 1,609,858		\$ 149,687	\$ 1,759,545
0012	Instructional Resources and Media Services	18,685			18,685
0013	Curriculum and Staff Development			10,060	10,060
0021	Instructional Leadership	89,736			89,736
0023	School Leadership	145,390			145,390
0031	Guidance, Counseling, and Evaluation Services	44,421		12,495	56,916
0033	Health Services	1,856			1,856
0034	Student Transportation	189,977			189,977
0035	Food Services	198,683			198,683
0036	Extracurricular Activities	262,109			262,109
0041	General Administration	271,791		5,794	277,585
0051	Plant Maintenance and Operations	639,720			639,720
0052	Security and Monitoring Services	3,167		25,000	28,167
0053	Data Processing Services	120,138			120,138
0061	Community Services			10,008	10,008
0071	Principal on Long-Term Debt		2,765,000		2,765,000
0072	Interest on Long-Term Debt		48,141		48,141
0073	Bond Issuance Costs and Fees		5,540		5,540
0081	Facilities Acquisition and Construction	236,272			236,272
0091	Contracted Instructional Services Between Schools	10,972,754			10,972,754
0099	Other Intergovernmental Charges	163,425			163,425
6030	Total Expenditures	\$ 14,967,982	\$ 2,818,681	\$ 213,044	\$ 17,999,707
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 4,928,391	\$ (377,765)	\$ 591	\$ 4,551,217
1200	Net Change in Fund Balance	\$ 4,928,391	\$ (377,765)	\$ 591	\$ 4,551,217
0100	September 1 - Fund Balance	8,654,009	1,850,611	5,351	10,509,971
3000	August 31 - Fund Balance	\$ 13,582,400	\$ 1,472,846	\$ 5,942	\$ 15,061,188

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3) \$ 4,551,217

Amounts reported for governmental activities in the statement of activities (Exhibit B-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and loss on asset disposals (\$638,965) exceeded capital outlays \$245,772 in the current period. (393,193)

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net amount by which deferred property tax revenue changed between the current year \$961,464 and the prior year (\$452,034). 509,430

Net repayment of debt principal of \$2,765,000 is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,765,000

Current year changes due to GASB 68 increased revenues in the amount of \$57,437 and increased expenses in the amount of (\$94,116) resulting in a decrease in the change in ending net position of (\$36,679). (36,679)

Current year changes due to GASB 75 decreased revenues in the amount of (\$40,418) and decreased expenses in the amount of \$61,508 resulting in a decrease in the change in ending net position of \$21,090. 21,090

Change in Net Position of Governmental Activities (Exhibit B-1) \$ 7,416,865

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
AUGUST 31, 2021

	<u>Custodial Funds</u>
ASSETS:	
Cash and Temporary Investments	\$ <u>89,965</u>
Total Assets	\$ <u>89,965</u>
NET POSITION:	
Unrestricted Net Position	\$ <u><u>89,965</u></u>

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

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

	<u>Custodial Funds</u>
ADDITIONS:	
Other Revenues	\$ <u>107,450</u>
Total Additions	\$ <u>107,450</u>
DEDUCTIONS:	
Student Activities	\$ <u>62,297</u>
Total Deductions	\$ <u>62,297</u>
Change in Net Position	\$ 45,153
Net Position - September 1 (Beginning)	<u>44,812</u>
Net Position - August 31 (Ending)	\$ <u><u>89,965</u></u>

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond issuance costs are expensed when incurred and bond premiums, discounts, and other related items are deferred and amortized over the life of the bonds.

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

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

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

FUND FINANCIAL STATEMENTS

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENTAL FUND TYPES

The District reports the following major governmental funds:

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

For the year ended August 31, 2021, the District accounted for its Food Service Fund in the general fund. Students are not charged for meals, and when necessary, the general fund subsidizes the Food Service Fund for all amounts required in excess of amounts received from the National School Lunch and Breakfast Programs.

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

Additionally, the government reports the following fund types:

Special Revenue Funds – These funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Unused balances are returned to the grantor at the close of specified project periods.

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FIDUCIARY FUND TYPES

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

C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS

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

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

Supplies and materials are debited as expenditures when purchased.

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

D. BUDGETARY DATA

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

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

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

E. ENCUMBRANCE ACCOUNTING

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

F. FUND BALANCES

The District has adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

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

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

Unassigned – Amounts not included in other spendable classifications.

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

G. NET POSITION ON THE STATEMENT OF NET POSITION

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

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

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

Restricted for Other Purposes – this component of net position represents the difference between assets and liabilities in the other local special revenue funds that consists of assets with constraints placed on their use by the grantors.

Unrestricted – the difference between assets and liabilities that is not reported in the previous categories.

H. PENSIONS

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

J. MANAGEMENT'S USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Policies Governing Deposits and Investments

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

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

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

	Amount	Percent	Maturity in Less than 1 Year	Credit Rating
Cash in Bank	\$ 292,112	1.86%	\$ 292,112	N/A
Money Market	12,596,932	80.03%	12,596,932	N/A
Texpool	2,851,863	18.12%	2,851,863	AAAm
	<u>\$ 15,740,907</u>	<u>100.00%</u>	<u>\$ 15,740,907</u>	

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Public Funds Investment Pools

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

The District's investment in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

3. PROPERTY TAXES

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

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. During the current year, the District paid off all of its outstanding bonds. Any future collections on delinquent debt service taxes will be recorded in the general fund. All property taxes remaining uncollected after ten years are provided for in the allowance for uncollectible taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

4. DUE FROM/TO OTHER GOVERNMENTS

The amount due from other governments consisted of \$173,454 due primarily for property taxes collected and not remitted until after year end and for unreimbursed grant expenditures.

The amount of \$598,211 due to other governments represents the 2020-21 remaining recapture amount due to the state.

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

5. INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund		
Special Revenue Funds	\$ 6,700	\$ 0
Special Revenue Funds		
General Fund	\$ 0	\$ 6,700
	<u>\$ 6,700</u>	<u>\$ 6,700</u>

6. CAPITAL ASSETS

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

	<u>9/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>8/31/2021</u>
Capital Assets:				
Land	\$ 113,132	\$	\$	\$ 113,132
Building and Improvements	15,461,154		114,327	15,346,827
Furniture and Equipment	365,809	245,772	34,010	577,571
Vehicles	1,302,823		127,622	1,175,201
	<u>\$ 17,242,918</u>	<u>\$ 245,772</u>	<u>\$ 275,959</u>	<u>\$ 17,212,731</u>
Accumulated Depreciation:				
Buildings and Improvements	\$ 6,724,564	\$ 544,589	\$ 114,327	\$ 7,154,826
Furniture and Equipment	294,430	14,729	34,010	275,149
Vehicles	744,850	73,818	121,793	696,875
	<u>\$ 7,763,844</u>	<u>\$ 633,136</u>	<u>\$ 270,130</u>	<u>\$ 8,126,850</u>
	<u>\$ 9,479,074</u>	<u>\$ (387,364)</u>	<u>\$ 5,829</u>	<u>\$ 9,085,881</u>

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Depreciation expense of \$633,136 and loss on disposal of assets of \$5,829 were charged to functions of the primary government as follows:

Instruction	\$	295,199
Instruction Resources and Media Services		3,135
Curriculum and Instructional Staff Development		1,688
Instructional Leadership		15,055
School Leadership		24,392
Guidance, Counseling, and Evaluation Services		9,549
Health Services		311
Student (Pupil) Transportation		31,872
Food Services		33,333
Cocurricular/Extracurricular Activities		43,974
General Administration		46,570
Plant Maintenance and Operations		107,326
Security and Monitoring Services		4,726
Data Processing Services		20,156
Community Service		1,679
	\$	<u>638,965</u>

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

Buildings and Improvements	15 - 30 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 10 years

7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

Deferred Outflows on the Statement on Net Position consists of the District's proportionate share of TRS pension deferred outflows of \$234,525 (See Note 12), and the District's proportionate share of TRS OPEB deferred outflows of \$166,113 (See Note 13).

Deferred Inflows on the Statement on Net Position consists of the District's proportionate share of TRS pension deferred inflows of \$171,268 (See Note 12), and District's proportionate share of TRS OPEB deferred inflows of \$593,095 (See Note 13).

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

	General Fund	Debt Service Fund	Total
Property Taxes - Delinquent	\$ 875,716	\$ 104,214	\$ 979,930
Less: Allowance for Uncollectible Taxes	(16,385)	(2,081)	(18,466)
Total Unavailable Revenue	<u>\$ 859,331</u>	<u>\$ 102,133</u>	<u>\$ 961,464</u>

8. UNEARNED REVENUES

Unearned revenue is associated with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenues consisted of State Foundation overpayments of \$36,201.

9. LONG-TERM DEBT

General Obligation Bonds

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

Description	Interest Rate	Amount Originally Issued	Interest Current Year	Due Within One Year
2014 Unlimited Tax School Building Bonds	2% - 3%	\$ 4,935,000	\$ 48,141	\$ 0

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

Description	Amount Outstanding 9/1/2020	Issued Current Year	Retired Current Year	Amount Outstanding 8/31/2021
2014 Unlimited Tax School Building Bonds	\$ 2,765,000	\$ 0	\$ 2,765,000	\$ 0

On July 15, 2014, the District issued \$4,935,000 of Unlimited Tax School Building Bonds, Series 2014 with an average interest rate of 2.5% with annual maturities through February 2024. Interest expense for bonded debt for the year totaled \$48,141. These bonds were paid in full during the current year.

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

10. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property Taxes, Penalties, Interest, and Other Tax-Related Income	\$ 19,382,553	\$ 2,438,881	\$	\$ 21,821,434
Food Sales	8,446			8,446
Interest Income	19,208	2,015		21,223
Cocurricular Student Activities	8,388			8,388
Rent	34,350			34,350
Other	50,371		1,647	52,018
	<u>\$ 19,503,316</u>	<u>\$ 2,440,896</u>	<u>\$ 1,647</u>	<u>\$ 21,945,859</u>

11. GENERAL FUND FEDERAL SOURCED REVENUES

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

	<u>Assistance Listing Number</u>	<u>Current Year Revenues</u>
School Breakfast Program	10.553	\$ 31,880
National School Lunch Program	10.555	74,267
Texas Department of Agriculture Reimbursements	10.559	<u>1,255</u>
General Fund - Federal Source Revenues		<u>\$ 107,402</u>

12. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Pension Plan Fiduciary Net Position

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

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

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

Benefits Provided

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

Contributions

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

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 through 2025.

	Contribution Rates	
	2020	2021
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	7.50%	7.50%
Employers	7.50%	7.50%
2021 Employer Contributions	\$	49,034
2021 Member Contributions		152,395
2020 NECE On-Behalf Contributions		119,365

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

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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

Actuarial Assumptions

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

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

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

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Discount Rate

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

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation %*	Long-Term Expected Arithmetic Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
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%	1.02%
Energy, Natural Resources, and Infrastructure	6.00%	6.00%	0.42%
Commodities		0.80%	
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage Cash			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Expected Return	100.00%		7.33%

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

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

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
SCISD's Proportionate Share of the Net Pension Liability	\$ 926,968	\$ 601,154	\$ 336,436

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Pension Liabilities and Pension Expense

At August 31, 2021, the District reported a liability of \$601,154 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$	601,154
State's Proportionate Share that is Associated with the District		<u>1,549,418</u>
Total	\$	<u><u>2,150,572</u></u>

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

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.001122% which was a decrease of 0.000223% from its proportion measured as of August 31, 2019.

For the year ended August 31, 2021, the District recognized pension expense of \$186,361 and revenue of \$119,365 for support provided by the State in the Government Wide Statement of Activities.

Changes since the Prior Actuarial Valuation

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Actuarial Experience	\$ 1,098	\$ 16,777
Changes in Actuarial Assumptions	139,489	59,310
Difference Between Projected and Actual Investment Earnings	12,170	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	32,734	95,181
Contributions Paid to TRS Subsequent to the Measurement Date	<u>49,034</u>	
Total	<u><u>\$ 234,525</u></u>	<u><u>\$ 171,268</u></u>

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

	Pension (Benefit)
	<u>Expense</u>
2022	\$ 15,997
2023	14,834
2024	13,472
2025	(5,139)
2026	(20,225)
Thereafter	(4,716)

13. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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

Benefits Provided

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

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

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

The premium rates for retirees are presented below:

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

Contributions

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

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

	Contribution Rates	
	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
2021 Employer Contributions	\$	15,872
2021 Member Contributions		12,865
2020 NECE On-Behalf Contributions		20,957

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

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

Actuarial Assumptions

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Additional Actuarial Methods and Assumptions:

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Discount Rate

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

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
SCISD's Proportionate Share of the Net OPEB Liability	\$ 936,030	\$ 780,026	\$ 656,806

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCISD's Proportionate Share of the Net OPEB Liability	\$ 637,181	\$ 780,026	\$ 970,275

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

OPEB Liabilities and OPEB Expense

At August 31, 2021, the District reported a liability of \$780,026 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$	780,026
State's Proportionate Share that is Associated with the District		<u>1,048,168</u>
Total	\$	<u><u>1,828,194</u></u>

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

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.002052% compared to the 0.002091% as of August 31, 2019. This is a decrease of 0.000039%

For the year ended August 31, 2021, the District recognized OPEB expense of \$7,278 and revenue of \$20,957 for support provided by the State.

Changes Since the Prior Actuarial Valuation

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

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Actuarial Experience	\$ 40,842	\$ 356,980
Changes in Actuarial Assumptions	48,111	214,199
Difference Between Projected and Actual Investment Earnings	253	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	61,035	21,916
Contributions Paid to TRS Subsequent to the Measurement Date	<u>15,872</u>	
Total	<u>\$ 166,113</u>	<u>\$ 593,095</u>

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

	OPEB (Benefit) Expense
	<u> </u>
2022	\$ (73,971)
2023	(74,005)
2024	(74,024)
2025	(74,020)
2026	(53,185)
Thereafter	(93,649)

14. RISK MANAGEMENT

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

15. HEALTH CARE COVERAGE

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan through TRS Active Care. The District contributed \$325 of the employee-only premium per month and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under this plan, the District is not liable for costs incurred beyond the premiums paid.

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Additionally, payments made on behalf of the District by the State for Medicare Part D fringe benefits and salaries amounted to \$9,430 and \$9,301 for the years ended August 31, 2021 and 2020, respectively.

16. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

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

17. LITIGATION

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

18. SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through November 30, 2021, the date which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

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

Data Control Codes	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)	
	1	2	3		
	Original	Amended	Actual		
Revenues:					
5700	Local and Intermediate Sources	\$ 14,195,955	\$ 14,609,880	\$ 19,503,316	\$ 4,893,436
5800	State Program Revenues	477,819	317,819	285,655	(32,164)
5900	Federal Program Revenues	<u>95,000</u>	<u>100,500</u>	<u>107,402</u>	<u>6,902</u>
5020	Total Revenues	<u>\$ 14,768,774</u>	<u>\$ 15,028,199</u>	<u>\$ 19,896,373</u>	<u>\$ 4,868,174</u>
Expenditures:					
0011	Instruction	\$ 1,648,017	\$ 1,648,017	\$ 1,609,858	\$ 38,159
0012	Instructional Resources and Media Services	25,019	25,019	18,685	6,334
0013	Curriculum and Instructional Staff Development	1,250	1,250		1,250
0021	Instructional Leadership	90,954	91,954	89,736	2,218
0023	School Leadership	150,529	152,529	145,390	7,139
0031	Guidance, Counseling, and Evaluation Services	50,274	51,274	44,421	6,853
0033	Health Services	2,050	2,550	1,856	694
0034	Student Transportation	216,838	216,838	189,977	26,861
0035	Food Services	197,696	204,196	198,683	5,513
0036	Extracurricular Activities	307,996	307,996	262,109	45,887
0041	General Administration	296,319	296,319	271,791	24,528
0051	Plant Maintenance and Operations	612,091	661,183	639,720	21,463
0052	Security and Monitoring Services	3,000	5,000	3,167	1,833
0053	Data Processing Services	119,511	122,511	120,138	2,373
0061	Community Services	9,000	9,000		9,000
0081	Facilities Acquisition and Construction	40,000	285,908	236,272	49,636
0091	Contracted Instructional Services Between Schools	10,853,230	11,053,230	10,972,754	80,476
0099	Other Intergovernmental Charges	<u>145,000</u>	<u>163,425</u>	<u>163,425</u>	<u>0</u>
6030	Total Expenditures	<u>\$ 14,768,774</u>	<u>\$ 15,298,199</u>	<u>\$ 14,967,982</u>	<u>\$ 330,217</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ (270,000)</u>	<u>\$ 4,928,391</u>	<u>\$ 5,198,391</u>
1200	Net Change in Fund Balance	\$ 0	\$ (270,000)	\$ 4,928,391	\$ 5,198,391
0100	September 1 - Fund Balance	<u>8,654,009</u>	<u>8,654,009</u>	<u>8,654,009</u>	<u>0</u>
3000	August 31 - Fund Balance	<u>\$ 8,654,009</u>	<u>\$ 8,384,009</u>	<u>\$ 13,582,400</u>	<u>\$ 5,198,391</u>

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

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

	2021 <u>Plan Year 2020</u>	2020 <u>Plan Year 2019</u>	2019 <u>Plan Year 2018</u>	2018 <u>Plan Year 2017</u>	2017 <u>Plan Year 2016</u>	2016 <u>Plan Year 2015</u>	2015 <u>Plan Year 2014</u>
District's Proportion of the Net Pension Liability	0.001122%	0.001345%	0.001298%	0.001363%	0.001370%	0.001439%	0.000865%
District's Proportionate Share of Net Pension Liability	\$ 601,154	\$ 699,119	\$ 714,576	\$ 435,676	\$ 517,746	\$ 508,597	\$ 230,973
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>1,549,418</u>	<u>1,395,806</u>	<u>1,478,593</u>	<u>867,235</u>	<u>1,067,177</u>	<u>1,078,692</u>	<u>940,152</u>
Total	<u>\$ 2,150,572</u>	<u>\$ 2,094,925</u>	<u>\$ 2,193,169</u>	<u>\$ 1,302,911</u>	<u>\$ 1,584,923</u>	<u>\$ 1,587,289</u>	<u>\$ 1,171,125</u>
District's Covered Payroll	\$ 1,873,702	\$ 1,780,026	\$ 1,678,470	\$ 1,644,123	\$ 1,627,580	\$ 1,587,289	\$ 1,171,125
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	32.08%	39.28%	42.57%	26.50%	31.81%	32.04%	19.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

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

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 49,034	\$ 44,393	\$ 45,976	\$ 41,842	\$ 44,637	\$ 41,581	\$ 40,766
Contribution in Relation to the Contractually Required Contribution	<u>(49,034)</u>	<u>(44,393)</u>	<u>(45,976)</u>	<u>(41,842)</u>	<u>(44,637)</u>	<u>(41,581)</u>	<u>(40,766)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 1,979,154	\$ 1,873,702	\$ 1,780,136	\$ 1,678,470	\$ 1,644,123	\$ 1,627,580	\$ 1,631,006
Contributions as a Percentage of Covered Payroll	2.48%	2.37%	2.58%	2.49%	2.71%	2.55%	2.50%

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

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

	2021 <u>Plan Year 2020</u>	2020 <u>Plan Year 2019</u>	2019 <u>Plan Year 2018</u>	2018 <u>Plan Year 2017</u>
District's Proportion of the Net OPEB Liability	0.002052%	0.002091%	0.001998%	0.001959%
District's Proportionate Share of Net OPEB Liability	\$ 780,026	\$ 988,906	\$ 997,740	\$ 851,991
State's Proportionate Share of the Net OPEB Liability Associated with the District	<u>1,048,168</u>	<u>1,314,034</u>	<u>1,434,774</u>	<u>1,272,653</u>
Total	<u>\$ 1,828,194</u>	<u>\$ 2,302,940</u>	<u>\$ 2,432,514</u>	<u>\$ 2,124,644</u>
District's Covered Payroll	\$ 1,873,702	\$ 1,780,026	\$ 1,678,570	\$ 1,644,123
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.63%	55.56%	59.44%	51.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 15,872	\$ 14,987	\$ 14,574	\$ 13,740
Contribution in Relation to the Contractually Required Contribution	<u>(15,872)</u>	<u>(14,987)</u>	<u>(14,574)</u>	<u>(13,740)</u>
Contribution Deficiency (Excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's Covered Payroll	\$ 1,979,154	\$ 1,873,702	\$ 1,780,136	\$ 1,678,470
Contributions as a Percentage of Covered Payroll	0.80%	0.80%	0.82%	0.82%

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

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

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Benefit Terms

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

Changes of Assumptions

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

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes of Benefit Terms

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

Changes of Assumptions

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

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

OTHER SUPPLEMENTARY INFORMATION

EXHIBITS H-1 THROUGH J-4

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit H-1

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

	Special Revenue Funds							Total Nonmajor Governmental August 31, 2021	
	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	255 ESEA II,A Training and Recruiting	282 American Recovery Plan ESSER III	289 Other Federal Special Revenue Funds	461 Campus Activity Funds		499 Other Local Special Revenue Funds
ASSETS:									
Cash and Temporary Investments	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due from Other Governments	4,974	2,574	3,028	908	16,955	1,730	4,085	1,857	5,942
Total Assets	<u>\$ 4,974</u>	<u>\$ 2,574</u>	<u>\$ 3,028</u>	<u>\$ 908</u>	<u>\$ 16,955</u>	<u>\$ 1,730</u>	<u>\$ 4,085</u>	<u>\$ 1,857</u>	<u>\$ 36,111</u>
LIABILITIES:									
Accounts Payable	\$	\$	\$ 3,028	\$	\$	\$	\$	\$	\$ 3,028
Accrued Wages Payable	4,474	2,325		817	9,223	1,556			18,395
Due to Other Funds					6,700				6,700
Accrued Expenditures	500	249		91	1,032	174			2,046
Total Liabilities	<u>\$ 4,974</u>	<u>\$ 2,574</u>	<u>\$ 3,028</u>	<u>\$ 908</u>	<u>\$ 16,955</u>	<u>\$ 1,730</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,169</u>
FUND BALANCES:									
Restricted for Other Purposes	\$	\$	\$	\$	\$	\$	\$	\$ 1,857	\$ 1,857
Assigned for Campus Activity Funds							4,085		4,085
Total Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,085</u>	<u>\$ 1,857</u>	<u>\$ 5,942</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,974</u>	<u>\$ 2,574</u>	<u>\$ 3,028</u>	<u>\$ 908</u>	<u>\$ 16,955</u>	<u>\$ 1,730</u>	<u>\$ 4,085</u>	<u>\$ 1,857</u>	<u>\$ 36,111</u>

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit H-2
(Continued)

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

	Special Revenue Funds						
	211 ESEA I, A Improving Basic Program	212 ESEA ESEA, Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	255 ESEA II,A Training and Recruiting	266 ESSER School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income
REVENUES:							
Local and Intermediate Sources	\$	\$	\$	\$	\$	\$	\$
State Program Revenues							
Federal Program Revenues	51,541	23,899	46,861	383	6,179	1,138	23,164
Total Revenues	\$ 51,541	\$ 23,899	\$ 46,861	\$ 383	\$ 6,179	\$ 1,138	\$ 23,164
EXPENDITURES:							
Instruction	\$ 37,313	\$ 13,891	\$ 37,398	\$ 383	\$ 6,179	\$ 1,138	\$ 23,164
Curriculum and Instructional Staff Development	9,490		570				
Guidance, Counseling, and Evaluation Services			8,893				
General Administration	4,738						
Security and Monitoring Services							
Community Services		10,008					
Total Expenditures	\$ 51,541	\$ 23,899	\$ 46,861	\$ 383	\$ 6,179	\$ 1,138	\$ 23,164
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance - September 1 (Beginning)							
Fund Balance - August 31 (Ending)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit H-2
(Concluded)

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

	Special Revenue Funds						Total Nonmajor Governmental Funds
	282 American Recovery Plan ESSER III	289 Other Federal Special Revenue Funds	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	
REVENUES:							
Local and Intermediate Sources	\$	\$	\$	\$	\$ 1,647	\$	\$ 1,647
State Program Revenues			6,578	25,000			31,578
Federal Program Revenues	16,955	10,290					180,410
Total Revenues	\$ 16,955	\$ 10,290	\$ 6,578	\$ 25,000	\$ 1,647	\$ 0	\$ 213,635
EXPENDITURES:							
Instruction	\$ 13,353	\$ 10,290	\$ 6,578	\$	\$	\$	\$ 149,687
Curriculum and Instructional Staff Development							10,060
Guidance, Counseling, and Evaluation Services	3,602						12,495
General Administration					1,056		5,794
Security and Monitoring Services				25,000			25,000
Community Services							10,008
Total Expenditures	\$ 16,955	\$ 10,290	\$ 6,578	\$ 25,000	\$ 1,056	\$ 0	\$ 213,044
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 591	\$ 0	\$ 591
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 591	\$ 0	\$ 591
Fund Balance - September 1 (Beginning)					3,494	1,857	5,351
Fund Balance - August 31 (Ending)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,085	\$ 1,857	\$ 5,942

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit J-1

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2021**

Last Ten Years Ended August 31,	1		2	3	10	20	31	32	40	50
	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 9/1/2020	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2021	
	Maintenance	Debt Service								
2012 and Prior Years	Various	Various	\$ Various	\$ 18,582	\$	\$ 89	\$ 16	\$ (11)	\$ 18,466	
2013	1.06000	0.08000	983,649,681	12,550		244	18	1	12,289	
2014	1.06000	0.08000	1,038,096,822	19,777		271	20	(1)	19,485	
2015	1.06000	0.08000	1,287,592,727	30,900		552	42	(2)	30,304	
2016	1.06000	0.09000	858,886,670	28,544		1,671	142		26,731	
2017	1.06000	0.14700	551,209,300	18,255		2,418	336		15,501	
2018	1.06000	0.14700	562,430,163	39,125				(8,289)	30,836	
2019	1.04000	0.11000	1,129,793,989	99,355		26,077	2,758	16	70,536	
2020	0.97000	0.11000	1,446,200,939	198,089		64,158	7,276	(11,687)	114,968	
2021 (School Year Under Audit)	0.87470	0.11000	2,256,902,267		<u>22,223,717</u>	<u>19,185,852</u>	<u>2,412,763</u>	<u>15,712</u>	<u>640,814</u>	
1000 TOTALS				<u>\$ 465,177</u>	<u>\$ 22,223,717</u>	<u>\$ 19,281,332</u>	<u>\$ 2,423,371</u>	<u>\$ (4,261)</u>	<u>\$ 979,930</u>	

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

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

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)	
	Original	Amended	Actual		
Revenues:					
5700	Local and Intermediate Sources	\$ 1,780,845	\$ 2,440,845	\$ 2,440,896	\$ 51
5800	State Program Revenues			20	20
5020	Total Revenues	\$ 1,780,845	\$ 2,440,845	\$ 2,440,916	\$ 71
Expenditures:					
0071	Principal on Long-Term Debt	\$ 1,704,295	\$ 2,765,000	\$ 2,765,000	\$ 0
0072	Interest on Long-Term Debt	73,050	48,305	48,141	164
0073	Bond Issuance Costs and Fees	3,500	5,540	5,540	0
6030	Total Expenditures	\$ 1,780,845	\$ 2,818,845	\$ 2,818,681	\$ 164
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ (378,000)	\$ (377,765)	\$ 235
1200	Net Change in Fund Balance	\$ 0	\$ (378,000)	\$ (377,765)	\$ 235
0100	September 1 - Fund Balance	1,850,611	1,850,611	1,850,611	0
3000	August 31 - Fund Balance	\$ 1,850,611	\$ 1,472,611	\$ 1,472,846	\$ 235

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

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

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 238,238
AP 4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 263,969

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 20,993
AP 8	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 25, 35)	\$ 13,026

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Board of School Trustees
Sands Consolidated Independent School District
Ackerly, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sands Consolidated Independent School District (the District) as of and for the year ended August 31, 2021, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 30, 2021

SANDS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021

Current Year Findings –

None

Corrective Action Plan –

N/A

Status of Prior Year Findings –

N/A