

Annual Financial Compliance Report

for the year ended August 31, 2021

CONFIDENT LEARNERS
TODAY

CHANGE MAKERS
TOMORROW

GATORS
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**DICKINSON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

PAGE EXHIBIT

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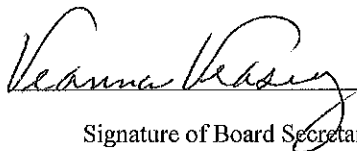
CERTIFICATE OF BOARD

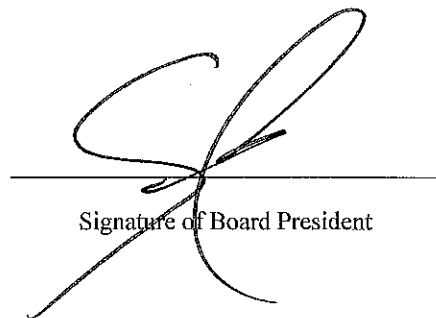
Dickinson Independent School District
Name of School District

Galveston
County

084-901
County-District

We, the undersigned, certify that the attached annual financial and compliance reports of the above named school district were reviewed and X approved ___disapproved for the year ended August 31, 2021, at a meeting of the Board of Trustees of such school district on the 11th day of January, 2022.


Signature of Board Secretary


Signature of Board President

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FINANCIAL SECTION

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MAYS & ASSOCIATES^{PLLC}
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
DICKINSON INDEPENDENT SCHOOL DISTRICT
Dickinson, Texas

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 the District, as of August 31, 2021, and the respective changes in financial position, and where applicable, cash flow thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TRS pension and OPEB schedules on pages 7-14 and 61-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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


Mays & Associates, PLLC

Baytown, Texas
January 7, 2022

DICKINSON INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
August 31, 2021

As administrators of the Dickinson Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2021.

Financial highlights

- The District's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$73,678,420 (*net position*).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$69,115,696, an increase of \$85,608,710 in comparison with the prior year. The increase in overall governmental fund balances was primarily due to the issuance of Series 2021 bonds offset by current year capital expenditures. Fund balance in the debt service fund and capital projects fund increased by \$1,699,931 and \$89,378,720, respectively. The general fund fund balance decreased by \$6,849,462 due to excess expenditures over revenues.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,346,239 or 12% of total general fund expenditures.

Overview of the Financial Statements

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

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

The basic financial statements are followed by a section of other *required supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of *management's discussion and analysis* explains the structure and contents of each of the statements.

Government-wide Financial Statements

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

The Statement of Net Position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net positions are indicators of whether financial health is improving or deteriorating, respectively. To fully assess the overall health of the District, however, non-financial factors need to be considered as well, such as changes in the District's average daily attendance, its property tax base and the condition of the District's facilities.

DICKINSON INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
August 31, 2021

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

The government-wide financial statements of the District reflect the governmental activities which are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Student (Pupil) Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Payments to Shared Services Arrangements, and Payments to Juvenile Justice Alternative Education Programs.

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains individual governmental funds for general, special revenue, debt services, and capital projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual funds data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service funds, and National School Breakfast and Lunch Program special revenue fund.

Proprietary Fund

The District maintains individual internal service funds for life insurance and workers' compensation insurance coverage. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund financial statements provide information for the life and workers' compensation insurance funds.

DICKINSON INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
August 31, 2021

Fiduciary Fund

The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statements (Exhibits E-1 & E-2). We excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Fund Balance

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

- *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board.
- *Assigned* – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed.
- *Unassigned* – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*.

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information.

In addition, information related to the District's proportionate share of its net pension liability, net OPEB liability, and contributions to the Teacher Retirement System of Texas is also presented.

Other Information

The other supplementary information is presented immediately following the required supplementary information and includes schedules required by the Texas Education Agency.

DICKINSON INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
August 31, 2021

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$73,678,420 at the close of the most recent fiscal year.

The District's net position includes amounts invested in capital assets (e.g., land, building and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

COMPARATIVE SCHEDULE OF NET POSITION
August 31, 2021 and 2020

	Governmental Activities		Change
	2021	2020	2021-2020
Current and other assets	\$ 170,084,343	\$ 82,021,944	\$ 88,062,399
Capital assets	246,388,074	253,162,478	(6,774,404)
Total assets	416,472,417	335,184,422	81,287,995
Deferred outflows of resources	25,567,034	29,894,670	(4,327,636)
Other liabilities	19,776,630	16,831,828	2,944,802
Long-term liabilities	466,089,407	388,640,150	77,449,257
Total liabilities	485,866,037	405,471,978	80,394,059
Deferred inflows of resources	29,851,834	24,003,633	5,848,201
Net position:			
Net Investment in Capital Assets	(62,453,889)	(59,846,981)	(2,606,908)
Restricted	14,905,219	12,025,676	2,879,543
Unrestricted	(26,129,750)	(16,575,214)	(9,554,536)
Total net position	\$ (73,678,420)	\$ (64,396,519)	\$ (9,281,901)

Net position is restricted for various purposes as follows:

Federal and state programs	\$ 2,146,352
Debt service	12,758,867
	<u>\$ 14,905,219</u>

Unrestricted net position, which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amount to (\$26,129,750) at August 31, 2021. Unrestricted net position continues to reflect a deficit balance. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net pension and OPEB liabilities. The District's liability is reported in governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the pension and TRS-Care plans are funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

DICKINSON INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
August 31, 2021

COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION
August 31, 2021 and 2020

	Governmental Activities		Change
	2021	2020	2021-2020
Revenues			
Program revenues:			
Charge for services	\$ 1,758,342	\$ 3,186,230	\$ (1,427,888)
Operating grants & contributions	22,993,227	18,870,179	4,123,048
General revenues:			
Property Taxes	65,792,054	60,541,697	5,250,357
State Aid - formula grants	59,345,468	54,300,760	5,044,708
Grants and contributions not restricted	3,697,882	6,722,365	(3,024,483)
Investment earnings	247,073	1,867,015	(1,619,942)
Other	732,105	1,525,333	(793,228)
Total revenues	<u>154,566,151</u>	<u>147,013,579</u>	<u>7,552,572</u>
Expenses:			
Instruction and related services	91,387,075	87,080,414	4,306,661
Instructional and school leadership	11,821,102	11,883,963	(62,861)
Support services - student	21,770,239	21,185,887	584,352
Administrative support services	4,221,817	3,783,711	438,106
Support services - non-student based	20,102,381	19,547,508	554,873
Ancillary services	588,163	588,710	(547)
Debt service	13,056,186	12,051,328	1,004,858
Intergovernmental charges	901,089	782,886	118,203
Total expenses	<u>163,848,052</u>	<u>156,904,407</u>	<u>6,943,645</u>
Increase (decrease) in net position	(9,281,901)	(9,890,828)	608,927
Net position, beginning	(64,396,519)	(54,505,691)	(9,890,828)
Prior Period Adjustment	-	-	-
Net position, ending	<u>\$ (73,678,420)</u>	<u>\$ (64,396,519)</u>	<u>\$ (9,281,901)</u>

Governmental Activities

The decrease in Net Position of \$9,281,901 results primarily from the recognition of pension and OPEB liabilities and components related to GASBs 68 and 75. The primary objective of these Statements was to improve accounting and financial reporting by state and local governments.

Governments providing defined benefit pension plans and other post-employment benefits were required to recognize their long-term obligation for pension and OPEB benefits as a liability on their accrual-based, government-wide statement of net position. This provides citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

The implementation of these standards clearly depicts the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability and net OPEB liability on the face of the financial statements will more clearly portray the government's financial status because the pension and OPEB liabilities will be placed on an equal footing with other long-term obligations.

DICKINSON INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
August 31, 2021

At August 31, 2021, the District reported a net pension liability of \$36,627,717 for its proportionate share of TRS' net pension liability and a net OPEB liability of \$34,143,800 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At August 31, 2020, the District's net pension liability and OPEB liability was \$35,855,315 and \$41,980,199, respectively.

Revenues are generated primarily from the following three sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined (\$148,130,749), these represented 96% of total revenues. The remaining 4% is generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expense of the District is instruction and related services, which represents 56% of total expenses. Support services – student (such as guidance, counseling and evaluation services, student transportation, food services, and extracurricular activities, etc.) represents 13% of total expenses, support services – non-student based (such as facilities maintenance and operations, etc.) represents 12% of total expenses, and the remaining individual functional categories of expenses are each less than 10% of total expenses.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$154,724,406, an increase of \$85,608,710 in comparison with prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,346,239, while total fund balance reached \$49,072,013. As a measure of the general fund's liquidity, it may be useful to compare unassigned, assigned, committed fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12% of total general fund expenditures, while assigned fund balance represents 22%, committed fund balance represents 7%, and total fund balance represents 41% of that same amount. The fund balance of the District's general fund decreased by \$6,849,462 during the current fiscal year. Decrease in fund balance resulted from expenditures exceeding operating revenues.

The debt service fund has total fund balance of \$12,406,747, all of which is restricted for the payment of debt service. During 2021, the District issued bonds to refund its 2010A series debt. As a result of the refunding, the District reduced its debt service requirements and realized a present value savings. Overall, the District's debt service fund balance increased by \$1,699,931.

The capital projects fund has a total fund balance of \$90,093,057, all of which is restricted for authorized construction and technology projects/enhancements. The increase in fund balance during the current year of \$89,378,720 was due to the issuance of bonds offset by construction expenditures.

General Fund Budgetary Highlights

The District adopted a deficit budget for fiscal year 2021. Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	BUDGET	
	Original	Final
Total revenues	\$ 113,092,612	\$ 114,151,748
Total expenditures	(123,932,287)	(126,625,988)
Other sources and (uses)	5,000	5,000
Net change in fund balance	\$ (10,834,675)	\$ (12,469,240)

DICKINSON INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
August 31, 2021

There were no significant budget amendments affecting total budgeted revenues. The increase in final budgeted expenditures resulted primarily from budget amendments to increase facilities acquisition and operations (\$1.8 million).

For fiscal year 2021, local and intermediate revenue sources fell below estimates by approximately \$3.2 million. State program revenues exceeded District's estimates by approximately \$1.2 million. Federal revenues accounted for in the General Fund exceeded the District's estimates by approximately \$186 thousand. Expenditures were less than budgetary estimates by approximately \$7.3 million as instruction and related services, facilities maintenances and operations, and other expenses were less than budgeted amounts. Overall, the general fund exceeded its final budget estimate by approximately \$5.6 million, resulting in an decrease in general fund balance of approximately \$6.8 million for the year.

Capital Assets

The District's investment in capital assets for its governmental type activities, as of August 31, 2021, amounts to \$246,388,074 (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings and improvements, furniture and equipment, and library books and media. The total amount invested in capital assets for the current fiscal year was:

Capital Assets	2021
Land	\$ 15,693,932
Construction in progress	4,341,708
Buildings and improvements	394,136,120
Furniture and equipment	24,397,431
Library books and media	<u>32,389</u>
Total	438,601,580
Accumulated depreciation	<u>(192,213,506)</u>
Net capital assets	<u>\$ 246,388,074</u>

Additional information of the District's capital assets can be found in the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the District had \$373,055,000 in bonded debt outstanding, an increase of \$77,665,000 over the prior year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor's is "A" and from Moody's Investors Service is "Aa3" for general obligation debt.

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

Outstanding 9/1/2020	Additions	Reductions	Outstanding 8/31/2021
\$ 295,390,000	\$ 114,080,000	\$ (36,415,000)	\$ 373,055,000

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. For the fiscal year ended August 31, 2021, the current debt limitation for the District is \$485,077,165. The District's outstanding debt of \$373,055,000 less the reserve for the retirement of the debt of \$12,406,747 totals \$360,648,253 leaving a legal debt margin of \$124,428,912. Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Appraised value used for the 2021-2022 budget preparation was increased by \$1.079 billion, or 23.1% from the previous year. This increase was due to a property re-evaluation and an increase in construction of new homes.
- The Tax Rate for 2021-2022 is \$1.312 (\$.872 for M&O; \$.44 for I&S), the total tax rate was decreased by \$.03 due to a reduction in debt service.

DICKINSON INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
August 31, 2021

- The 2021-2022 general fund operating budget projects spending \$11,097 per student.
- The District's 2021-2022 refined average daily attendance is expected to be 11,200.

Dickinson ISD is classified as a 6A district and has grown consistently for the past several years. The District received an 'above standard' rating under the new Financial Integrity Rating System of Texas.

The Board of Trustees sold \$94.2 million in bonds in 2021. The bond proceeds will be used to build a Junior High, transportation, technology and agricultural expansion and parking expansion at Hughes Rd. Elementary.

The tax rate did not increase due to the bond election.

The District is growing and several residential projects are being developed. Lago Mar, a subdivision with 5,000 to 7,500 residential units is under construction.

The Bay Colony subdivision continues to grow. Other subdivisions, on the west side of the District, have started building and include plans for approximately 550 new residential homes within the next five to seven years.

Restaurants, banks, department stores and businesses within the District continue to be constructed as the business community grows.

The Tuscan Lakes subdivision construction projects of new homes and additional apartments are adding to the growth of the District. More commercial building is in the planning stages for this area.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at Dickinson Independent School District, 2218 FM 517, Dickinson, Texas 77539.

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

EXHIBIT A-1

Data		Primary Government
Control		Governmental
Codes		Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 118,333,637
1120	Current Investments	42,729,106
1220	Property Taxes - Delinquent	5,405,179
1230	Allowance for Uncollectible Taxes	(2,426,795)
1240	Due from Other Governments	4,913,977
1250	Accrued Interest	18,906
1267	Due from Fiduciary Funds	2,043
1290	Other Receivables, Net	171,587
1300	Inventories	854,338
1410	Prepayments	82,365
	Capital Assets:	
1510	Land	15,693,932
1520	Buildings, Net	220,680,173
1530	Furniture and Equipment, Net	5,665,746
1560	Library Books and Media, Net	6,515
1580	Construction in Progress	4,341,708
1000	Total Assets	416,472,417
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	2,776,111
1705	Deferred Outflow Related to TRS Pension	14,911,523
1706	Deferred Outflow Related to TRS OPEB	7,879,400
1700	Total Deferred Outflows of Resources	25,567,034
LIABILITIES		
2110	Accounts Payable	3,263,669
2160	Accrued Wages Payable	4,579,319
2200	Accrued Expenses	860,963
2300	Unearned Revenue	1,529,767
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	9,542,912
	Due in More than One Year:	
2502	Bonds, Notes, Leases, etc.	395,317,890
2540	Net Pension Liability (District's Share)	36,627,717
2545	Net OPEB Liability (District's Share)	34,143,800
2000	Total Liabilities	485,866,037
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	4,849,821
2606	Deferred Inflow Related to TRS OPEB	25,002,013
2600	Total Deferred Inflows of Resources	29,851,834
NET POSITION		
3200	Net Investment in Capital Assets	(62,453,889)
	Restricted:	
3820	Restricted for Federal and State Programs	2,146,352
3850	Restricted for Debt Service	12,758,867
3900	Unrestricted	(26,129,750)
3000	Total Net Position	\$ (73,678,420)

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

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DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 89,831,147	\$ 670,976	\$ 12,235,481	\$ (76,924,690)
12 Instructional Resources and Media Services	1,555,928	13,023	120,899	(1,422,006)
13 Curriculum and Instructional Staff Development	1,498,104	4,341	552,159	(941,604)
21 Instructional Leadership	1,846,297	101,171	153,233	(1,591,893)
23 School Leadership	8,476,701	213,124	688,344	(7,575,233)
31 Guidance, Counseling, and Evaluation Services	4,403,312	8,682	594,545	(3,800,085)
32 Social Work Services	220,774	-	13,208	(207,566)
33 Health Services	1,500,305	-	113,339	(1,386,966)
34 Student (Pupil) Transportation	6,247,014	153,096	250,762	(5,843,156)
35 Food Services	6,339,539	326,850	6,647,476	634,787
36 Extracurricular Activities	3,059,295	247,442	142,477	(2,669,376)
41 General Administration	4,221,817	-	248,419	(3,973,398)
51 Facilities Maintenance and Operations	16,748,243	15,296	400,736	(16,332,211)
52 Security and Monitoring Services	1,264,432	4,341	101,649	(1,158,442)
53 Data Processing Services	2,089,706	-	100,770	(1,988,936)
61 Community Services	588,163	-	45,841	(542,322)
72 Debt Service - Interest on Long-Term Debt	13,056,186	-	464,713	(12,591,473)
93 Payments Related to Shared Services Arrangements	238,005	-	119,176	(118,829)
95 Payments to Juvenile Justice Alternative Ed. Prg.	161,859	-	-	(161,859)
99 Other Intergovernmental Charges	501,225	-	-	(501,225)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 163,848,052</u>	<u>\$ 1,758,342</u>	<u>\$ 22,993,227</u>	<u>(139,096,483)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			42,793,223
DT	Property Taxes, Levied for Debt Service			22,998,831
SF	State Aid - Formula Grants			59,345,468
GC	Grants and Contributions not Restricted			3,697,882
IE	Investment Earnings			247,073
MI	Miscellaneous Local and Intermediate Revenue			<u>732,105</u>
TR	Total General Revenues			<u>129,814,582</u>
CN	Change in Net Position			(9,281,901)
NB	Net Position - Beginning			<u>(64,396,519)</u>
NE	Net Position - Ending			<u>\$ (73,678,420)</u>

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 19,520,698	\$ 3,070,929	\$ 91,123,532
1120 Investments - Current	30,729,106	10,000,000	-
1220 Property Taxes - Delinquent	3,817,547	1,587,632	-
1230 Allowance for Uncollectible Taxes	(1,713,986)	(712,809)	-
1240 Due from Other Governments	2,163,072	7,075	-
1250 Accrued Interest	17,528	1,052	-
1260 Due from Other Funds	2,376,315	-	-
1290 Other Receivables	122,111	-	-
1300 Inventories	509,770	-	-
1410 Prepayments	82,365	-	-
1000 Total Assets	<u>\$ 57,624,526</u>	<u>\$ 13,953,879</u>	<u>\$ 91,123,532</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,965,169	\$ -	\$ 1,030,475
2160 Accrued Wages Payable	4,482,379	-	-
2170 Due to Other Funds	1,404	-	-
2300 Unearned Revenue	-	672,309	-
2000 Total Liabilities	<u>6,448,952</u>	<u>672,309</u>	<u>1,030,475</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	2,103,561	874,823	-
2600 Total Deferred Inflows of Resources	<u>2,103,561</u>	<u>874,823</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	509,770	-	-
3430 Prepaid Items	82,365	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	90,093,057
3480 Retirement of Long-Term Debt	-	12,406,747	-
Committed Fund Balance:			
3510 Construction	6,000,000	-	-
3530 Capital Expenditures for Equipment	500,000	-	-
3545 Other Committed Fund Balance	1,800,000	-	-
Assigned Fund Balance:			
3550 Construction	20,000,000	-	-
3570 Capital Expenditures for Equipment	340,000	-	-
3580 Self-Insurance	300,000	-	-
3590 Other Assigned Fund Balance	5,193,639	-	-
3600 Unassigned Fund Balance	14,346,239	-	-
3000 Total Fund Balances	<u>49,072,013</u>	<u>12,406,747</u>	<u>90,093,057</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 57,624,526</u>	<u>\$ 13,953,879</u>	<u>\$ 91,123,532</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,562,880	\$ 117,278,039
-	40,729,106
-	5,405,179
-	(2,426,795)
2,743,830	4,913,977
-	18,580
-	2,376,315
49,476	171,587
344,568	854,338
-	82,365
<u>\$ 6,700,754</u>	<u>\$ 169,402,691</u>
\$ 220,899	\$ 3,216,543
96,940	4,579,319
2,372,868	2,374,272
857,458	1,529,767
<u>3,548,165</u>	<u>11,699,901</u>
-	2,978,384
<u>-</u>	<u>2,978,384</u>
140,388	650,158
-	82,365
2,146,352	2,146,352
-	90,093,057
-	12,406,747
-	6,000,000
-	500,000
865,849	2,665,849
-	20,000,000
-	340,000
-	300,000
-	5,193,639
-	14,346,239
<u>3,152,589</u>	<u>154,724,406</u>
<u>\$ 6,700,754</u>	<u>\$ 169,402,691</u>

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 154,724,406
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$438,601,580 and the accumulated depreciation is \$192,213,506. The effect of including the capital assets (net of depreciation) in the governmental activities is to increase net position. (See Note 6.)	246,388,074
2 Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. The effect of these long-term liabilities is a decrease to net position. (See Note 7.)	(404,860,802)
3 Recognizing unearned revenue (property taxes) as revenue in the government-wide statements to convert from modified accrual basis of accounting to the accrual basis of accounting. The net effect is an increase to net position.	2,978,384
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$36,627,717, a deferred resource inflow related to TRS in the amount of \$4,849,821 and a deferred resource outflow related to TRS in the amount of \$14,911,523. The net effect of these pension related items is a decrease to net position. (See Note 10.)	(26,566,015)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$34,143,800, a deferred inflow related to TRS OPEB in the amount of \$25,002,013, and a deferred resource outflow related to TRS OPEB in the amount of \$7,879,400. The net effect of these OPEB related items is a decrease to net position. (See Note 9.)	(51,266,413)
6 The District uses internal service funds to charge the costs of self-insurance activities to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	2,147,835
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions and recognizing the bond components associated with outstanding debt. Deferred charges on refundings are not financial resources and therefore, are not reported in governmental funds. Deferred charges are amortized over the life of the debt. The net effect is an increase to net position.	2,776,111
19 Net Position of Governmental Activities	<u><u>\$ (73,678,420)</u></u>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 43,944,233	\$ 23,047,777	\$ 49,417
5800 State Program Revenues	65,489,413	464,713	-
5900 Federal Program Revenues	2,871,119	-	-
5020 Total Revenues	112,304,765	23,512,490	49,417
EXPENDITURES:			
Current:			
0011 Instruction	69,335,894	-	-
0012 Instructional Resources and Media Services	1,288,192	-	-
0013 Curriculum and Instructional Staff Development	776,841	-	-
0021 Instructional Leadership	1,487,522	-	-
0023 School Leadership	6,895,980	-	-
0031 Guidance, Counseling, and Evaluation Services	3,398,183	-	-
0032 Social Work Services	196,151	-	-
0033 Health Services	1,253,937	-	-
0034 Student (Pupil) Transportation	5,988,409	-	-
0035 Food Services	6,523	-	-
0036 Extracurricular Activities	2,371,137	-	-
0041 General Administration	3,672,748	-	-
0051 Facilities Maintenance and Operations	14,436,460	-	347,826
0052 Security and Monitoring Services	1,037,219	-	-
0053 Data Processing Services	1,852,350	-	-
0061 Community Services	482,284	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	8,475,000	-
0072 Interest on Long-Term Debt	-	13,254,082	-
0073 Bond Issuance Cost and Fees	-	805,886	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	4,025,601	-	4,522,871
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	118,829	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	161,859	-	-
0099 Other Intergovernmental Charges	501,225	-	-
6030 Total Expenditures	119,287,344	22,534,968	4,870,697
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,982,579)	977,522	(4,821,280)
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	27,940,000	-
7911 Capital Related Debt Issued	-	86,140,000	-
7915 Transfers In	133,117	-	94,200,000
7916 Premium or Discount on Issuance of Bonds	-	8,782,409	-
8911 Transfers Out (Use)	-	(94,200,000)	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(27,940,000)	-
7080 Total Other Financing Sources (Uses)	133,117	722,409	94,200,000
1200 Net Change in Fund Balances	(6,849,462)	1,699,931	89,378,720
0100 Fund Balance - September 1 (Beginning)	55,921,475	10,706,816	714,337
3000 Fund Balance - August 31 (Ending)	\$ 49,072,013	\$ 12,406,747	\$ 90,093,057

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,043,090	\$ 69,084,517
1,731,697	67,685,823
13,824,146	16,695,265
17,598,933	153,465,605

8,340,453	77,676,347
58,882	1,347,074
518,858	1,295,699
117,536	1,605,058
415,822	7,311,802
380,307	3,778,490
-	196,151
43,718	1,297,655
303	5,988,712
5,473,676	5,480,199
308,521	2,679,658
-	3,672,748
22,186	14,806,472
99,019	1,136,238
-	1,852,350
40,280	522,564
-	8,475,000
-	13,254,082
-	805,886
147,558	8,696,030
119,176	238,005
-	161,859
-	501,225
16,086,295	162,779,304
1,512,638	(9,313,699)

-	27,940,000
-	86,140,000
326,246	94,659,363
-	8,782,409
(459,363)	(94,659,363)
-	(27,940,000)
(133,117)	94,922,409
1,379,521	85,608,710
1,773,068	69,115,696
\$ 3,152,589	\$ 154,724,406

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 85,608,710
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with governmental activities. The net effect of this consolidation is to increase net position.	208,988
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2021 capital outlays is an increase to net position. (See Note 6.)	9,635,502
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. (See Note 6.)	(16,400,041)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. The net effect is to decrease net position. (See Note 7.)	(85,063,080)
Changes in the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the Teacher Retirement System of Texas for the current year are not reported in governmental funds but are reported in the Statement of Activities. The net effect of all these changes is a decrease to net position.	(3,431,520)
Changes in the District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the Texas Public Retired Employees Group Insurance Program (TRS-Care) for the current year are not reported in the governmental funds but are reported in the Statement of Activities. The net effect of all these changes is an increase to net position.	701,994
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating inter-fund transactions, recognizing the net effect of retirement of capital assets, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(542,455)
Change in Net Position of Governmental Activities	\$ (9,281,902)

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2021

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,055,598
Investments - Current	2,000,000
Accrued Interest	326
Due from Other Funds	15,000
	<hr/>
Total Assets	3,070,924
	<hr/>
LIABILITIES	
Current Liabilities:	
Accounts Payable	47,126
Due to Other Funds	15,000
Accrued Expenses	860,963
	<hr/>
Total Liabilities	923,089
	<hr/>
NET POSITION	
Unrestricted Net Position	2,147,835
	<hr/>
Total Net Position	\$ 2,147,835
	<hr/> <hr/>

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

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

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 697,428
Total Operating Revenues	697,428
OPERATING EXPENSES:	
Professional and Contracted Services	336,666
Other Operating Costs	156,803
Total Operating Expenses	493,469
Operating Income	203,959
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	5,029
Total Nonoperating Revenues (Expenses)	5,029
Change in Net Position	208,988
Total Net Position - September 1 (Beginning)	1,938,847
Total Net Position - August 31 (Ending)	\$ 2,147,835

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT D-3

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 697,428
Cash Payments for Insurance Claims	(467,718)
Net Cash Provided by Operating Activities	229,710
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	44,502
Interest and Dividends on Investments	7,974
Net Cash Provided by Investing Activities	52,476
Net Increase in Cash and Cash Equivalents	282,186
Cash and Cash Equivalents at Beginning of Year	773,412
Cash and Cash Equivalents at End of Year	\$ 1,055,598
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 203,959
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	17,154
Increase (decrease) in Accrued Expenses	8,597
Net Cash Provided by Operating Activities	\$ 229,710

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

DICKINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2021

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 985,927
Other Receivables	1,657
Total Assets	<u>987,584</u>
LIABILITIES	
Accounts Payable	57,695
Due to Other Funds	2,043
Total Liabilities	<u>59,738</u>
NET POSITION	
Restricted for Student Groups	372,592
Restricted for Other Purposes	557,776
Unrestricted Net Position	2,522
Total Net Position	<u><u>\$ 932,890</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Cocurricular Services or Activities	\$ 365,882
Earnings from Temporary Deposits	537
Contributions, Gifts and Donations	278,457
Miscellaneous Additions	549
Total Additions	<u>645,425</u>
DEDUCTIONS:	
Payroll Costs	49,716
Professional and Contracted Services	37,673
Supplies and Materials	5,394
Other Deductions	555,164
Total Deductions	<u>647,947</u>
Change in Fiduciary Net Position	(2,522)
Total Net Position - September 1 (Beginning)	<u>930,368</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 927,846</u></u>

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

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Dickinson Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69, as amended by Statement on Auditing Standards No. 91 and 93* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

Reporting entity – The Board of Trustees (the “Board”), a seven member group, has fiscal responsibility over all activities related to public elementary and secondary education within the jurisdiction of the District. The public elects the Board that corporately has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (“TEA”) or to the Texas 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 by GASB Statement No. 61, *“The Financial Reporting Entity”: Omnibus – an amendment by GASB Statements No. 14 and 34*. There are no component units or entities for which the District is considered financially accountable included within the reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements – The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District as a whole. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements – During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds, which are presented in separate columns. Nonmajor governmental funds are aggregated and presented in a single column. Separate financial statements are provided for proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

DICKINSON INDEPENDENT SCHOOL DISTRICT
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Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental fund types:

- The *general fund* is the District's primary operating fund. This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in another fund are included here.
- The *debt service fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
- The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction and equipment purchases.
- The nonmajor governmental funds of the District account for grants and other resources of the District whose uses are restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program.

Proprietary Fund

The District utilizes internal service fund accounts for workers' compensation services provided to other funds and/or employees of the District on a cost reimbursement basis. Proprietary funds distinguish operating revenue and expense from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds for self-funded workers' compensation services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The general fund is contingently liable for liabilities of the internal service fund. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the District. See Note 13 for additional discussion of the District's self-insurance plan.

Fiduciary Funds

The District utilizes *custodial funds* to account for the resources raised by student groups and various other campus organizations received by the District in a custodial capacity that do not constitute District property. However, the District's role is considered to be substantive because in the absence of an approved policy, the faculty advisor has the ability to reject, modify, or approve how the resources are being spent.

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Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the District are included in the statement of net position.

Fund Financial Statements - Governmental fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources, and fund balances are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. Tax revenues are considered available when collected.

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Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there is an enforceable legal claim as of January 1, but which were levied to finance fiscal year 2021 operations, are recorded as deferred inflows of resources in the fund financial statements. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue in both the government-wide and fund financial statements.

In governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Data

The Board adopts an “appropriated budget” for the General Fund, Debt Service Fund, and the Child Nutrition Program (which is included in the Nonmajor Governmental Funds). The District compares the final amended budget to actual revenues and expenditures. The Budgetary Comparison Schedules appear in Exhibits F-1, H-2, and H-3.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) Prior to August 20, the District prepares an operating budget for the next succeeding fiscal year beginning September 1. The 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 ten day’s public notice of the meeting must be given.
- c) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end.
- d) Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
- e) Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget.

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Deposits and Investments

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

Investments in local government investment pools are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Investments with maturities of 12 months or less at the date of purchase are held at amortized cost and net asset value (NAV). Investments with maturities exceeding 12 months at the date of purchase are stated at fair value based on quoted market prices at year-end date.

The District categorizes fair value measurements of its investments based on the hierarchy established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs to the valuation methodology are quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. At August 31, 2021, the District had no investments subject to fair value measurement.

Inter-fund Assets/Liabilities

In the fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "Due from/(to) other funds". Inter-fund balances within governmental activities are eliminated on the government-wide statement of net assets. See Note 5 for additional discussion of inter-fund receivables and payables.

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. The District's infrastructure includes parking lots and roads associated with various buildings. The cost of infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated cost if purchased or self-constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

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Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives: (See Note 6.)

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-45
Building equipment	5-20
Buses and vehicles	5-10
Office equipment	5-10
Library books and media	10

Prepayments (i.e., Deferred Expenditures/Expenses)

Certain payments to vendors reflect costs applicable to the next fiscal period and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method and are recognized as expenditures/expenses proportionately over the periods in which the services are provided.

Inventories

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service commodities. Governmental fund inventories are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair market value on the date received. Commodities are recognized as revenues in the period received when all eligibility requirements are met. Commodity inventory items are recorded as expenditures when distributed to user locations.

Long-Term Obligations

The District's long-term obligations consist of bonded indebtedness and compensated absences. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

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

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for compensated absences are accounted for in the general fund.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In addition to the State sick leave program, certain employees are entitled to sick leave benefits under the District's local sick leave program. Individuals whose date of employment is prior to September 1, 1989 are eligible for sick leave upon resignation, retirement, death or termination. Under the local sick leave policy, eligible employees may earn up to 6.5 local days per year. (See Note 7.)

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In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported as long-term liabilities on the statement of net position.

Pensions

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

Other Post-Employment Benefits

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.

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of net position and balance sheet as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred outflow of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflow of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

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A *deferred inflow of resources* in an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life of all members.

Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The classifications used in the government-wide financial statements are as follows:

- *Net position invested in capital assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- *Restricted net position* – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted net position* – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. The government fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective government funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. (Inventories and Prepaid Items are considered nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.)
- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – includes amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of Fund 461 Campus Activity Funds' fund balance.

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- *Assigned* – includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Superintendent or Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the *general fund*.
- *Unassigned* – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*. The *Unassigned* classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of *Assigned* fund balance amounts.

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

Use of Estimates

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

The amount of state foundation and available school revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of August 31 will change and those changes could be material.

Data Control Codes

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

3. DEPOSITS AND INVESTMENTS

A summary of the District’s cash and investments at August 31, 2021 is shown below:

	Cash and Deposits	Investment Pools	Total Cash & Cash Equivalents	Investments	Total Cash & Investments
Governmental funds:					
General fund	\$ 4,451,656	\$ 15,069,042	\$ 19,520,698	\$ 30,729,106	\$ 50,249,804
Debt service fund	1,043,383	2,027,546	3,070,929	10,000,000	13,070,929
Capital projects fund	24,296	91,099,236	91,123,532	-	91,123,532
Nonmajor governmental funds	2,956,863	606,017	3,562,880	-	3,562,880
Total governmental funds	8,476,198	108,801,841	117,278,039	40,729,106	158,007,145
Proprietary funds	701,105	354,493	1,055,598	2,000,000	3,055,598
Fiduciary funds	894,960	90,967	985,927	-	985,927
Total cash and investments	<u>\$ 10,072,263</u>	<u>\$ 109,247,301</u>	<u>\$ 119,319,564</u>	<u>\$ 42,729,106</u>	<u>\$ 162,048,670</u>

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The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and depository bank's agent bank. The pledged securities are approved by the TEA and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2021, the carrying amount of the District's deposits (cash and certificate of deposits) was \$15,206,709 and the bank balance was \$15,581,444. The District's cash deposits at August 31, 2021 were entirely covered by FDIC insurance, by pledged collateral held by the depository bank's agent bank in the District's name or irrevocable letters of credit.

The Public Funds Investment Act (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, (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, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) securities lending programs, (6) repurchase agreements, (7) bankers acceptances, (8) mutual funds, (9) investment pools, and (10) guaranteed investment contracts.

As of August 31, 2021, the District had the following investments:

Investment Type:	Rating	Value at August 31, 2021	Fair Value Measurements Using:			Percent of Portfolio	WAM (Days/Years)
			(Level 1)	(Level 2)	(Level 3)		
Cash in Bank		\$ 10,072,263				6%	
<i>Cash equivalents measured at amortized costs:</i>							
TexSTAR	AAAm	300,470				0%	< 365 days
TexPool	AAAm	393,172					
LOGIC	AAA	4,314,353				3%	< 365 days
TexasTERM (daily)	AAAm	793,105				0%	< 365 days
TexasCLASS	AAA	2,218,928				1%	< 365 days
TX-FIT	AAAF/S1	101,227,273				62%	< 365 days
Cash and cash equivalents - subtotal		119,319,564					
<i>Investments measured at cost not subject to level reporting:</i>							
Certificates of depositis	Unrated	5,134,446				3%	< 365 days
TexasTERM (fixed)	AAAf	37,594,660				23%	< 365 days
Investments - subtotal		42,729,106	-	-	-		
Total cash & investments		\$ 162,048,670	\$ -	\$ -	\$ -	100%	

Texas Local Government Investment Pool (TexPool), Texas Cooperative Liquid Assets Securities System (TexasCLASS), Texas Fixed Income Trust (TX-FIT), Texas Short Term Asset Reserve Program (TexSTAR), Local Government Investment Pool (TexasDAILY), and Local Government Investment Cooperative (LOGIC) are local government investment "pools" organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, 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.

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The District's investments in, TexPool, TexasCLASS, TX-FIT, TexSTAR, TexasDAILY and LOGIC are reported at amortized cost. Deposits and withdrawals can be made on any business day of the week. The pools have a redemption notice of one day, which may be redeemed daily. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pools liquidity. There are no limits on the number of accounts a participant can have or the number of transactions. The District has no unfunded commitments related to the pools.

The District's investment in TexasTERM is a fixed-rate, fixed-term portfolio rated AA+ by Fitch, that enables investors to lock in a fixed rate for a term of 60 days to 365 days.

The District's management believes that it has complied with the requirements of the Act and with local policies.

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

1) **Credit Risk**

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. As of August 31, 2020, the District's investments in TexPool, TexSTAR, and TexasDAILY are rated AA+, TX-FIT is rated AA+, and LOGIC and TexasCLASS are rated AAA by Standard and Poor's.

2) **Custodial Credit Risk**

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

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

3) **Concentration of Credit Risk**

The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. At year end, the District was not exposed to concentration of credit risk.

4) **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within the legal limits. The weighted average maturity for the District's investment in external investment pools is less than 60 days. In addition, the District shall not directly invest in an individual security maturing more than twelve months from the time of purchase.

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4. RECEIVABLES

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

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total
Property taxes	\$ 2,205,386	\$ 1,002,541	\$ -	\$ 3,207,927
Property taxes - penalty & interest	1,612,161	585,091	-	2,197,252
Subtotal - property taxes	3,817,547	1,587,632	-	5,405,179
Due from other governments-state	2,069,828	-	5,814	2,075,642
Due from other governments-federal	79,643	-	2,638,625	2,718,268
Due from other governments-other	13,601	7,075	99,391	120,067
Subtotal - due from other governments	2,163,072	7,075	2,743,830	4,913,977
Other receivables	122,111	-	49,476	171,587
Gross receivables	6,102,730	1,594,707	2,793,306	10,490,743
Less: allowance for uncollectibles	(1,713,986)	(712,809)	-	(2,426,795)
Net total receivables	\$ 4,388,744	\$ 881,898	\$ 2,793,306	\$ 8,063,948

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021, are summarized above. All federal grants shown above are passed through the TEA and are reported in the financial statements as Due from Other Governments.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenues reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes (General Fund)	\$ 2,103,561	\$ -	\$ 2,103,561
Delinquent property taxes (Debt Service Fund)	874,823	-	874,823
Funds received prior to meeting all eligibility requirements:			
(Debt Service Fund)	-	672,309	672,309
(Nonmajor Governmental Funds)	-	857,458	857,458
Total unearned revenue	\$ 2,978,384	\$ 1,529,767	\$ 4,508,151

Property Taxes

The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the property tax roll, upon which the levy for the 2020-2021 fiscal year was based, was \$4.9 billion.

The tax rates assessed for the year ended August 31, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt, were \$.8740 and \$.4700 per \$100 valuation, respectively, for a total of \$1.344 per \$100 valuation.

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Current tax collections for the year ended August 31, 2021 were 98% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. The property taxes receivable allowance is equal to approximately 45% of outstanding property taxes receivable at August 31, 2021. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Uncollectible personal property taxes are periodically reviewed and written off. Under Sec. 3305 of the Texas Property Code, the District can cancel and remove from the delinquent tax roll, tax on real property that has been delinquent for more than 20 years or tax on personal property that has been delinquent for more than 10 years if there is no pending litigation concerning the delinquent taxes at the time of cancellation and removal.

5. INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Inter-fund balances consist of short-term lending/borrowing arrangements between two or more governmental funds. The composition of inter-fund balances as of August 31, 2021, is as follows:

Fund	Receivable	Payable
General Fund:		
General Fund	\$ 1,404	\$ 1,404
Nonmajor Governmental Funds	2,372,868	-
Trust & Agency Funds	2,043	-
Nonmajor Governmental Funds:		
General Fund	-	2,372,868
Proprietary Funds:		
Internal Service Funds	15,000	15,000
	-	-
Trust & Agency Funds:		
General Fund	-	2,043
	<u>\$ 2,391,315</u>	<u>\$ 2,391,315</u>

District activities in the Nonmajor Governmental Funds (Special Revenue Funds) include expenditures paid from a centralized-pooled operating bank account maintained in the General Fund. Since all cash transactions flow through this account, each fund carries a receivable/payable balance with the General Fund. All balances will be repaid within one year.

Interfund transfers in the fund financial statements at August 31, 2021, consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
Debt Service Fund	Capital Projects Fund	\$ 94,200,000
Nonmajor Governmental Fund	General Fund	133,117
Nonmajor Governmental Fund	Nonmajor Governmental Fund	326,246
		<u>\$ 94,659,363</u>

The District transferred \$94,200,000 from the debt service fund to the capital project fund to account for capital expenditures on a project basis. The District transferred \$459,363 from the nonmajor governmental fund (i.e., Coronavirus Relief Fund of the CARES Act and ESSER II Fund) to the instructional allotment fund and the general fund to account for miscellaneous Covid-19 expenses.

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6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 11,621,431	\$ 4,072,501	\$ -	\$ -	\$ 15,693,932
Construction in progress	-	4,341,708	-	-	4,341,708
Total Capital Assets, not depreciated	11,621,431	8,414,209	-	-	20,035,640
Capital assets, being depreciated:					
Buildings and improvements	393,979,062	157,058	-	-	394,136,120
Furniture and equipment	23,354,302	1,064,235	(21,106)	-	24,397,431
Library books and media	32,389	-	-	-	32,389
Total Capital Assets, being depreciated	417,365,753	1,221,293	(21,106)	-	418,565,940
Less accumulated depreciation for:					
Buildings and improvements	(158,727,850)	(14,728,097)	-	-	(173,455,947)
Furniture and equipment	(17,074,220)	(1,668,705)	11,240	-	(18,731,685)
Library books and media	(22,636)	(3,238)	-	-	(25,874)
Total accumulated depreciation	(175,824,706)	(16,400,040)	11,240	-	(192,213,506)
Capital assets, net	<u>\$ 253,162,478</u>	<u>\$ (6,764,538)</u>	<u>\$ (9,866)</u>	<u>\$ -</u>	<u>\$ 246,388,074</u>

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 9,750,493
12 Instructional resources and media services	169,101
13 Curriculum and instructional staff development	162,652
21 Instructional leadership	201,486
23 School leadership	917,867
31 Guidance, counseling, & evaluation services	474,322
32 Social work services	24,623
33 Health services	162,897
34 Student (pupil) transportation	751,776
35 Food services	687,941
36 Extracurricular activities	336,383
41 General administration	461,048
51 Facilities maintenance and operations	1,858,689
52 Security and monitoring services	142,634
53 Data processing services	232,530
61 Community services	65,599
Total depreciation expense - governmental activities	<u>\$ 16,400,041</u>

**DICKINSON INDEPENDENT SCHOOL DISTRICT
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7. LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds for governmental activities to provide resources for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Principal and interest requirements are payable solely from future revenues of the debt service fund which consists primarily of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas through the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

Long-term liabilities include current interest bonds, term bonds, variable bonds, and capital appreciation bonds (CAB). State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. For the fiscal year ended August 31, 2021, the current debt limitation for the District is \$485,077,165. The District's outstanding debt of \$373,055,000 less the reserve for the retirement of the debt of \$12,406,747 totals \$360,648,253 leaving a legal debt margin of \$124,428,912.

There are a number of limitations and restrictions contained in the general obligation debt indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of August 31, 2021.

Bonded debt as of August 31, 2021 is as follows:

Description	Interest Rate Payable	Maturity Date	Original Issue	Outstanding
Unlimited tax schoolhouse & refunding bonds, series 2000	5.40-6.05%	02/15/28	\$ 26,297,916	\$ 13,370,000
Unlimited tax schoolhouse bonds, series 2008	4.625-4.75%	02/15/33	30,000,000	690,000
Unlimited tax schoolhouse bonds, taxable series 2010B	5.941-6.011%	02/15/38	30,000,000	30,000,000
Variable rate unlimited tax refunding bonds, series 2013	Variable	08/01/37	27,940,000	27,940,000
Unlimited tax refunding bonds, series 2013	1.875-5.00%	02/15/30	23,360,000	11,245,000
Unlimited tax schoolhouse bonds, series 2014	4.00-5.00%	02/15/44	54,755,000	51,770,000
Unlimited tax refunding bonds, series 2014	5.00%	02/15/32	63,505,000	47,705,000
Unlimited tax schoolhouse bonds, series 2016A	2.00%-5.00%	02/15/49	64,475,000	63,510,000
Unlimited tax refunding bonds, series 2016B	3.00%-5.00%	02/15/33	27,720,000	27,720,000
Unlimited tax refunding bonds, series 2019	4.00%	02/15/34	12,965,000	12,965,000
Unlimited tax schoolhouse bonds, series 2021	2.00%-5.00%	02/15/51	86,140,000	86,140,000
			<u>\$ 447,157,916</u>	<u>\$ 373,055,000</u>

Variable Rate Terms – In August 2021, outstanding bonds totaling \$27,940,000 were remarketed to a term rate (0.25%) for a period of two years through August 31, 2023. Thereafter, the bonds will bear interest in a mode and at a rate determined by the remarketing agent (JP Morgan Securities LLC) and may change at the District's option from time to time to (a) a weekly or term rate of a different duration or (b) a flexible rate not to exceed the lesser of (i) 7% per annum, or (ii) the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended. In addition, at the option of the District, the bonds bearing interest at a variable rate or flexible rate may be converted in whole or in part to a fixed rate to their maturity.

In March 2021, the District issued Unlimited Tax School Building Bonds, Series 2021 totaling \$86,140,000. The bonds were issued at a net premium of \$8,782,409 and issuance costs of \$722,409. The bonds bear interest from 2.00% to 5.00% and are due in annual installments ranging from \$385,000 to \$4,170,000 through February 15, 2051. Proceeds from the sale of bonds will be used (i) the construction, acquisition and equipment of school building in the District, including facility renovations and improvements and district-wide technology upgrades, the purchase of necessary sites for school buildings, and the purchase of new school buses; and (ii) paying costs of issuance related to the Bonds.

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The following is a summary of changes in the District's total governmental long-term liabilities for the year ended August 31, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Bonds payable:					
Unlimited tax schoolhouse & refunding bonds, series 2000	\$ 13,370,000	\$ -	\$ -	\$ 13,370,000	\$ 1,585,000
Unlimited tax schoolhouse bonds, series 2008	690,000	-	-	690,000	-
Unlimited tax schoolhouse bonds, taxable series 2010B	30,000,000	-	-	30,000,000	-
Variable rate unlimited tax refunding bonds, series 2013	27,940,000	27,940,000	(27,940,000)	27,940,000	-
Unlimited tax refunding bonds, series 2013	13,635,000	-	(2,390,000)	11,245,000	1,670,000
Unlimited tax schoolhouse bonds, series 2014	52,405,000	-	(635,000)	51,770,000	660,000
Unlimited tax refunding bonds, series 2014	52,190,000	-	(4,485,000)	47,705,000	4,055,000
Unlimited tax schoolhouse bonds, series 2016A	64,475,000	-	(965,000)	63,510,000	985,000
Unlimited tax refunding bonds, series 2016B	27,720,000	-	-	27,720,000	-
Unlimited tax refunding bonds, series 2019	12,965,000	-	-	12,965,000	-
Unlimited tax schoolhouse bonds, series 2021	-	86,140,000	-	86,140,000	-
	<u>295,390,000</u>	<u>114,080,000</u>	<u>(36,415,000)</u>	<u>373,055,000</u>	<u>8,955,000</u>
Deferred amounts:					
Accrued interest	518,086	69,826	-	587,912	587,912
Accumulated accretion on capital appreciation bonds	2,393,152	162,578	-	2,555,730	-
Premium on issuance of bonds	21,723,802	8,782,409	(1,649,376)	28,856,835	-
Discount on issuance of bonds	(231,580)	-	30,876	(200,704)	-
Total bonds payable	<u>319,793,460</u>	<u>123,094,813</u>	<u>(38,033,500)</u>	<u>404,854,773</u>	<u>9,542,912</u>
Other liabilities:					
Net pension liability	35,855,315	772,402	-	36,627,717	-
Net OPEB liability	41,980,199	-	(7,836,399)	34,143,800	-
Compensated absences	4,262	1,767	-	6,029	-
Total other liabilities	<u>77,839,776</u>	<u>774,169</u>	<u>(7,836,399)</u>	<u>70,777,546</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 397,633,236</u>	<u>\$ 123,868,982</u>	<u>\$ (45,869,899)</u>	<u>\$ 475,632,319</u>	<u>\$ 9,542,912</u>

Debt service requirements to maturity are as follows:

Year Ended	General Obligation Bonds		Total
August 31	Principal	Interest	Requirements
2022	\$ 8,955,000	\$ 13,893,067	\$ 22,848,067
2023	9,460,000	13,453,387	22,913,387
2024	11,390,000	14,287,511	25,677,511
2025	11,255,000	13,749,162	25,004,162
2026	13,225,000	13,156,061	26,381,061
2027-2031	75,990,000	55,506,658	131,496,658
2032-2036	92,760,000	38,031,198	130,791,198
2037-2041	68,380,000	18,007,276	86,387,276
2042-2046	49,550,000	7,974,100	57,524,100
2047-2049	32,090,000	1,753,700	33,843,700
	<u>\$ 373,055,000</u>	<u>\$ 189,812,120</u>	<u>\$ 562,867,120</u>

Build America Bonds

In February 2009, as part of the American Recovery and Reinvestment Act of 2009, Congress added Sections 54AA and 6431 to the Internal Revenue Code of 1986, which permit state and local governments to obtain certain tax advantages when issuing taxable obligations that meet certain requirements of the Code and the related Treasury regulations. Such obligations are referred to as Build America Bonds.

In April 2010, the District issued Unlimited Tax Schoolhouse Bonds, Taxable Series 2010B Bonds in the amount of \$30,000,000 under the Build America Bonds program. Under this program, the District receives semi-annual subsidies equal to 35% of the interest it pays on the bonds. The subsidy payments received by the District will not be pledged as security for the payment of the Series 2010B Bonds and no holder of the Series 2010B Bonds will be entitled to a tax credit or any subsidy payment with respect to the Series 2010B Bonds. The District intends to use the subsidy payments for any lawful purpose, which may include payment of principal and interest on the Series 2010B Bonds. For fiscal year ended August 31, 2021, the District received \$893,358 in such subsidies. The amount received was recorded as federal revenue in the General Fund.

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Accreted Interest on Capital Appreciation Bonds

With capital appreciation bonds, the interest is paid upon maturity of the bonds. In order to properly reflect the amounts payable on these bonds, the annual interest is added to the long-term liabilities as accretion of interest on capital appreciation bonds.

The interest on these obligations will be paid upon maturity in the fiscal years ending 2023-2025. The values associated with these bonds are reflected in the following table:

	Maturity Value of Bonds	Stated Bond Principal Amount	Accreted Interest on Bonds	Accreted Value of Bond at Year-End
Unlimited tax schoolhouse bonds, series 2008	\$ 3,730,000	\$ 690,000	\$ 2,555,730	\$ 3,245,730
Total	<u>\$ 3,730,000</u>	<u>\$ 690,000</u>	<u>\$ 2,555,730</u>	<u>\$ 3,245,730</u>

Defeased Debt

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At August 31, 2021, no previously refunded debt outstanding was considered defeased.

Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of August 31, 2021.

8. OPERATING LEASE

Commitments under operating lease (non-capitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of August 31, 2021. Rental expenditures for the year ended August 31, 2021 approximated \$356,000.

9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB)

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 benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

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

Net OPEB Liability	
Total OPEB Liability	\$ 40,010,833,815
Less: Plan Fiduciary Net Position	(1,996,317,932)
Net OPEB Liability	<u>\$ 38,014,515,883</u>
Net Position as percentage of Total OPEB Liability	4.99%

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

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

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

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

*or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than .25% or not more than .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
Member	0.65%	0.65%
Non-Employer Contributing Entity (NECE) (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2021 Employer Contributions		\$ 712,927
2021 Member Contributions		\$ 573,779
2020 NECE On-Behalf Contributions		\$ 917,343

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

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

The State's on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

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

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

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

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

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

Additional Actuarial Methods and Assumptions:

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

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.

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

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

	1 % Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the net OPEB liability	\$ 40,972,482	\$ 34,143,800	\$ 28,750,121

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2021, the District reported a liability of \$34,143,800 for its proportionate share of the TRS' Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 34,143,800
State's proportionate share that is associated with the District	45,881,083
Total	<u>\$ 80,024,883</u>

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

For the fiscal years ended August 31, 2021 and 2020, the District's proportion of the collective Net OPEB Liability was as follows:

2021	2020	
Measurement Year 8/31/2020	Measurement Year 8/31/2019	Increase/(Decrease)
0.0898177953%	0.0887695384%	0.0010482569%

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability	\$ 27,891,110	\$ 34,143,800	\$ 42,471,499

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the TOL.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change decreased the TOL.
- The ultimate health care trend rate assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the TOL.
- There were no changes in benefit terms since the prior measurement date.

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For the year ended August 31, 2021, the District recognized OPEB expense of \$10,933 and revenue of \$0 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,787,756	\$ 15,625,949
Changes in Actuarial Assumptions	2,105,963	9,376,064
Net Difference Between Projected and Actual Investment Earnings	11,095	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	3,261,659	-
District Contributions Paid to TRS Subsequent to the Measurement Date	712,927	-
Total	<u>\$ 7,879,400</u>	<u>\$ 25,002,013</u>

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

Year Ended August 31:	OPEB Expense Amount
2022	\$ (3,025,253)
2023	(3,026,737)
2024	(3,027,585)
2025	(3,027,353)
2026	(2,115,357)
Thereafter	(3,613,255)
	<u>\$ (17,835,540)</u>

10. MEDICARE PART D – ON BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Subsidy payments made on behalf of the District for fiscal years 2021, 2020, and 2019 were \$395,767, \$359,027, and \$282,162 respectively.

11. DEFINED BENEFIT PENSION PLAN

Plan Description. The District participates in the TRS, a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The pension plan is administered by 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 plan 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 plan'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 pension plan.

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

Components of the net pension liability of the pension plan as of August 31, 2020 are as follows:

Net Pension Liability	Total
Total Pension Liability	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	(165,416,245,243)
Net Pension Liability	<u>\$ 53,557,959,841</u>
Net Position as percentage of Total Pension Liability	75.54%

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. (Members who are grandfathered use the three highest annual salaries). The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals or exceeds 80 years. Early retirement is at age 55 with 5 years of service credit or any age below 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above.

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

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

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

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

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE) (State)	7.5%	7.5%
Employers	7.5%	7.5%
2021 Employer Contributions		\$ 2,952,552
2021 Member Contributions		\$ 6,797,058
2020 NECE On-Behalf Contributions		\$ 4,421,506

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Contributors to the pension 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). The State's on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the pension plan an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension plan 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 sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an 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. The total pension plan liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate* as of August 2020	2.33*
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

*Source: 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".

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

Discount Rate. The single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 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.

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

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

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

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	3.9%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.9%
Emerging Markets	9.0%	5.6%	0.8%
Private Equity	14.0%	6.7%	1.4%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.1%
Stable Value Hedge Funds	5.0%	1.9%	0.1%
Real Return			
Real Estate	15.0%	4.6%	1.0%
Energy, Natural Resources and Infrastructure	6.0%	6.0%	0.4%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Leverage			
Cash	2.0%	-1.5%	0.0%
Asset Allocation Leverage	-6.0%	-1.3%	0.1%
Inflation Expectation			2.0%
Volatility Drag ³			-0.7%
Total	100%		7.33%

¹ Target allocations are based on the FY2020 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 56,479,283	\$ 36,627,717	\$ 20,498,753

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, the District reported a net pension liability of \$36,627,717 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 36,627,717
State's proportionate share that is associated with the District	57,393,518
Total	<u>\$ 94,021,235</u>

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

For the fiscal years ended August 31, 2021 and 2020, the District's proportion of the collective net pension liability was as follows:

2021	2020	
Measurement Year	Measurement Year	
8/31/2020	8/31/2019	Increase/(Decrease)
0.0683889316%	0.0689749106%	-0.0005859790%

Changes Since the Prior Actuarial Valuation.

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

For the year ended August 31, 2021, the District recognized pension expense of \$13,287,238 and revenue of \$6,903,166 for support provided by the State in the government-wide financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 66,879	\$ 1,022,182
Changes in Actuarial Assumptions	8,498,933	3,613,687
Difference Between Projected and Actual Investment Earnings	741,496	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	2,651,663	213,952
District Contributions Paid to TRS Subsequent to the Measurement Date	2,952,552	-
Total	<u>\$ 14,911,523</u>	<u>\$ 4,849,821</u>

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

Year Ended August 31:	Pension Expense Amount
2022	\$ 2,077,076
2023	2,501,780
2024	2,207,051
2025	694,883
2026	(351,249)
Thereafter	(20,391)
	<u>\$ 7,109,150</u>

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12. OTHER POST EMPLOYMENT BENEFITS

The District does not provide post employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA) and TRS Care described above (Note 9). The requirements established by COBRA are fully funded by former employees who elect coverage under the Act, and no direct costs are incurred by the District.

13. RISK MANAGEMENT

General

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

In addition, the District participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability
- Auto Physical Damage
- Privacy & Information Security
- School Liability

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property Programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2021, the Fund anticipates that Dickinson ISD has no additional liability beyond the contractual obligations for payment of contributions.

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

Unemployment Compensation Pool

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

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2021, the Fund anticipates that Dickinson ISD has no additional liability beyond the contractual obligation for payment of contribution.

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

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Health Insurance

The District participates in the Teacher Retirement System of Texas Active Care health care coverage program. This program is a statewide program for public education employees established by the 77th Texas Legislature.

Workers' Compensation

The District participates in the Texas Educational Insurance Association, a public entity risk pool operating as a common risk management and insurance program for member school districts. However, the District is a reimbursing member whereby it does not pay premiums but pays for claims and the cost of handling claims. As such, the District self-insures its worker's compensation claims which are administered by a third party, Claims Administrative Services, Inc.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$225,000 up to the statutory limits for any given claim. The following is a summary of the change in the balance of claims liabilities for workers' compensation for the years ended August 31, 2020, and 2021, respectively:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2020	\$ 934,751	\$ 175,768	\$ 258,153	\$ 852,366
2021	852,366	230,342	221,745	860,963

14. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At August 31, 2021, the District had commitments under construction contracts totaling approximately \$2,350,000.

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts), and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means when a purchase order is prepared, the appropriate accounts are checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes.

Prior to the end of the year, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at year end, the District likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, outstanding encumbrances are not considered expenditures for the fiscal year, only a commitment to expend resources. If the District allows encumbrances to lapse, even though it plans to honor encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually reappropriated in the following year's budget. Open encumbrances at fiscal year end are included in restricted, committed, or assigned fund balance, as appropriate.

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At August 31, 2021, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

Encumbrances Included in the Following Fund Balance:				
Fund	Restricted	Committed	Assigned	Total
General	\$ -	\$ -	\$ 1,193,639	\$ 1,193,639
Capital Projects	3,738,245	-	-	3,738,245
Total	<u>\$ 3,738,245</u>	<u>\$ -</u>	<u>\$ 1,193,639</u>	<u>\$ 4,931,884</u>

15. CONTINGENT LIABILITIES

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

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

16. SHARED SERVICE ARRANGEMENTS / JOINT VENTURES

The District is the fiscal agent for a Shared Service Arrangement ("SSA"), which provides educational services to students of member districts. In addition to the District, other member districts include Texas City ISD, Galveston ISD, and Clear Creek ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. The District also receives funding from Galveston County for the program. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 446, Shared Services Arrangements – Transforming Lives Cooper using Model 3 in SSA section of the FASRG. Expenditures of the SSA are summarized below:

Dickinson Independent School District	\$ 10,886
Texas City Independent School District	14,706
Galveston Independent School District	3,183
Clear Creek Independent School District	<u>5,475</u>
	34,250
Galveston County (mandatory placement by judicial system)	60,590
Dickinson Independent School District (Per Capita Apportionment)	<u>34,925</u>
	<u>\$ 129,765</u>

The District is the fiscal agent for a Shared Service Arrangement ("SSA"), which provides educational services for students of member districts. In addition to the District, other member districts include Texas City ISD, Santa Fe ISD, Galveston ISD, and Hitchcock ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 447, Shared Services Arrangements – Coastal Alternative Program using Model 3 in SSA section of the FASRG. Expenditures of the SSA are summarized below:

Dickinson Independent School District	\$ 151,097
Texas City Independent School District	164,351
Santa Fe Independent School District	138,672
Galveston Independent School District	53,613
Hitchcock Independent School District	<u>12,663</u>
	<u>\$ 520,396</u>

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The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides disciplinary alternative education services for students within Galveston County. All services are provided by the fiscal agent. Galveston County provides the funds to the fiscal agent. The District also receives funding from the State of Texas based on student attendance data. The District accounts for the program in Fund No. 448, Shared Services Arrangements – Galveston County Detention Boot C. using Model 3 in SSA section of the FASRG. Expenditures of the SSA are summarized below:

Galveston County (mandatory placement by judicial system)	\$ 186,084
Dickinson Independent School District (Per Capita Apportionment)	<u>50,457</u>
	<u>\$ 236,541</u>

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides an educational environment for all students that ensures academic growth, emotional well-being, and positive social behaviors. All services are provided by the fiscal agent. Galveston County provides the funds to the fiscal agent. The District also receives funding from the State of Texas based on student attendance data. The District accounts for the program in Fund No. 449, Shared Services Arrangements – JJAEP Juvenile Justice AEP using Model 3 in SSA section of the FASRG. Expenditures of the SSA are summarized below:

Galveston County (mandatory placement by judicial system)	\$ 128,549
	<u>\$ 128,549</u>

17. RELATED ORGANIZATIONS

The Dickinson ISD Education Foundation (“Foundation”), a non-profit entity which was organized in 2007 to provide funds for District teaching and education programs, is a “related organization” as defined by GASB Statement No. 61. The members of the Board of Directors of the Foundation serve without financial compensation. The operations of the Foundation are not financially significant to the overall operations of the District, and therefore are not reported in the District’s financial statements.

18. COVID-19 PANDEMIC IMPACTS

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the operational and financial impact the pandemic may have on the District has yet to be determined and is dependent on its duration and spread, any related operational restrictions and the overall economy.

While this school year has created unique challenges, the financial position of the District has remained stable. As of the date of these financial statements, COVID-19 had not materially affected results of operations in 2021. However, the impact of response efforts on future operations are unknown and cannot be predicted.

19. DEFICIT NET POSITION

At August 31, 2021, the District reported a deficit balance of \$73,678,420 on the statement of net position caused by the implementation of GASB statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

20. SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Data			Actual Amounts	Variance With
Control	Budgeted Amounts		(GAAP BASIS)	Final Budget
Codes	Original	Final		Positive or
				(Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 46,155,277	\$ 47,214,413	\$ 43,944,233	\$ (3,270,180)
5800 State Program Revenues	64,252,335	64,252,335	65,489,413	1,237,078
5900 Federal Program Revenues	2,685,000	2,685,000	2,871,119	186,119
5020 Total Revenues	113,092,612	114,151,748	112,304,765	(1,846,983)
EXPENDITURES:				
Current:				
0011 Instruction	72,493,372	71,980,594	69,335,894	2,644,700
0012 Instructional Resources and Media Services	1,310,422	1,362,857	1,288,192	74,665
0013 Curriculum and Instructional Staff Development	1,014,924	977,186	776,841	200,345
0021 Instructional Leadership	1,560,068	1,586,936	1,487,522	99,414
0023 School Leadership	7,038,020	7,055,450	6,895,980	159,470
0031 Guidance, Counseling, and Evaluation Services	3,668,017	3,661,084	3,398,183	262,901
0032 Social Work Services	197,480	296,730	196,151	100,579
0033 Health Services	1,263,150	1,366,928	1,253,937	112,991
0034 Student (Pupil) Transportation	6,502,811	6,503,219	5,988,409	514,810
0035 Food Services	-	20,000	6,523	13,477
0036 Extracurricular Activities	2,633,465	2,771,172	2,371,137	400,035
0041 General Administration	3,528,561	4,091,074	3,672,748	418,326
0051 Facilities Maintenance and Operations	14,460,950	16,299,933	14,436,460	1,863,473
0052 Security and Monitoring Services	991,253	1,114,240	1,037,219	77,021
0053 Data Processing Services	1,827,163	1,928,285	1,852,350	75,935
0061 Community Services	643,682	635,172	482,284	152,888
Capital Outlay:				
0081 Facilities Acquisition and Construction	4,000,000	4,074,101	4,025,601	48,500
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	107,449	149,527	118,829	30,698
0095 Payments to Juvenile Justice Alternative Ed. Prg.	170,000	200,000	161,859	38,141
0099 Other Intergovernmental Charges	521,500	551,500	501,225	50,275
6030 Total Expenditures	123,932,287	126,625,988	119,287,344	7,338,644
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,839,675)	(12,474,240)	(6,982,579)	5,491,661
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	5,000	5,000	-	(5,000)
7915 Transfers In	-	-	133,117	133,117
7080 Total Other Financing Sources (Uses)	5,000	5,000	133,117	128,117
1200 Net Change in Fund Balances	(10,834,675)	(12,469,240)	(6,849,462)	5,619,778
0100 Fund Balance - September 1 (Beginning)	55,921,475	55,921,475	55,921,475	-
3000 Fund Balance - August 31 (Ending)	\$ 45,086,800	\$ 43,452,235	\$ 49,072,013	\$ 5,619,778

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.068388932%	0.068974911%	0.066902026%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 36,627,717	\$ 35,855,315	\$ 36,824,499
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	57,393,518	53,118,503	56,971,997
Total	<u>\$ 94,021,235</u>	<u>\$ 88,973,818</u>	<u>\$ 93,796,496</u>
District's Covered Payroll	\$ 83,996,758	\$ 76,669,077	\$ 72,887,825
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.61%	46.77%	50.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.066275191%		0.059139763%		0.0584185%		0.0385672%	
\$	21,191,236	\$	22,348,037	\$	20,650,162	\$	10,301,832
33,242,675		36,555,766		33,736,578		27,944,567	
\$	54,433,911	\$	58,903,803	\$	54,386,740	\$	38,246,399
\$	69,770,919	\$	61,334,317	\$	56,717,701	\$	52,899,723
30.37%		36.44%		36.41%		19.47%	
82.17%		78.00%		78.43%		83.25%	

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

	2021	2020	2019
Contractually Required Contribution	\$ 2,952,552	\$ 2,820,650	\$ 2,416,127
Contribution in Relation to the Contractually Required Contribution	(2,952,552)	(2,820,650)	(2,416,127)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 88,273,495	\$ 83,996,758	\$ 76,669,077
Contributions as a Percentage of Covered Payroll	3.34%	3.36%	3.15%

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

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

2018		2017		2016		2015	
\$	2,259,989	\$	2,172,114	\$	1,879,020	\$	1,729,798
	(2,259,989)		(2,172,114)		(1,879,020)		(1,729,798)
\$	-	\$	-	\$	-	\$	-
\$	72,887,825	\$	69,770,919	\$	61,334,317	\$	56,717,701
	3.10%		3.11%		3.06%		3.05%

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.089817795%	0.088769538%	0.086590401%	\$ 0.082654371%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 34,143,800	\$ 41,980,199	\$ 43,235,380	\$ 35,943,285
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	45,881,083	55,782,298	62,783,385	\$ 54,775,000
Total	<u>\$ 80,024,883</u>	<u>\$ 97,762,497</u>	<u>\$ 106,018,765</u>	<u>\$ 90,718,285</u>
District's Covered Payroll	\$ 83,996,758	\$ 76,669,077	\$ 72,887,825	\$ 69,770,919
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	40.65%	54.76%	59.32%	\$ 51.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

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

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

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

	2021	2020	2019	2018
Contractually Required Contribution	\$ 712,927	\$ 682,735	\$ 630,470	\$ 598,207
Contribution in Relation to the Contractually Required Contribution	(712,927)	(682,735)	(630,470)	(598,207)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 88,273,495	\$ 83,996,758	\$ 76,669,077	\$ 72,887,825
Contributions as a Percentage of Covered Payroll	0.81%	0.81%	0.82%	0.82%

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

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

**DICKINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2021**

Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balance

Budgetary Information

The District adopts an “appropriated budget” for the General Fund, the Debt Service Fund, and the Child Nutrition Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available or estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended August 31, 2021.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget for fiscal year 2021 was prepared for adoption for budgeted governmental fund types by August 31, 2020. The budget was adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods and purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year’s budget.

Notes to Schedule of the District’s Proportionate Share of the Net Pension Liability

Changes of Assumptions

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

Notes to Schedule of the District’s Proportionate Share of the Net OPEB Liability

Changes of Assumptions

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

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the TOL.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change decreased the TOL.
- The ultimate health care trend rate assumption was lowered from 4.50% to 4.25% as a result of Congress’ repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the TOL.
- There were no changes in benefit terms since the prior measurement date.

COMBINING SCHEDULES

DICKINSON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		211	224	225	226
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	IDEA - Part B Discretionary
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 107,650
1240	Due from Other Governments	175,072	149,088	2,097	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 175,072</u>	<u>\$ 149,088</u>	<u>\$ 2,097</u>	<u>\$ 107,650</u>
LIABILITIES					
2110	Accounts Payable	\$ 43,266	\$ 12,152	\$ -	\$ -
2160	Accrued Wages Payable	-	1,310	-	-
2170	Due to Other Funds	131,806	135,626	2,097	-
2300	Unearned Revenue	-	-	-	107,650
2000	Total Liabilities	<u>175,072</u>	<u>149,088</u>	<u>2,097</u>	<u>107,650</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 175,072</u>	<u>\$ 149,088</u>	<u>\$ 2,097</u>	<u>\$ 107,650</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Title I - SIP Academy Grant	277 Coronavirus Relief Fund CARES	281 ESSER-II CRRSA Grant
\$ 2,059,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
285,487	21,203	27,388	30,666	-	-	-	1,913,436
13,181	-	-	-	-	-	-	-
344,568	-	-	-	-	-	-	-
<u>\$ 2,702,673</u>	<u>\$ 21,203</u>	<u>\$ 27,388</u>	<u>\$ 30,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,913,436</u>
\$ 114,266	\$ 20,534	\$ 5,578	\$ 2,667	\$ -	\$ -	\$ -	\$ -
95,473	-	-	-	-	-	-	-
2,014	669	21,810	27,999	-	-	-	1,913,436
204,180	-	-	-	-	-	-	-
<u>415,933</u>	<u>21,203</u>	<u>27,388</u>	<u>30,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,913,436</u>
140,388	-	-	-	-	-	-	-
2,146,352	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,286,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,702,673</u>	<u>\$ 21,203</u>	<u>\$ 27,388</u>	<u>\$ 30,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,913,436</u>

DICKINSON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		282	289	397	410
		ESSER-III	Other Federal Special	Advanced Placement	State Instructional
		Grant	Revenue Funds	Incentives	Materials
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 9,841	\$ 498,490
1240	Due from Other Governments	17,756	25,236	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 17,756</u>	<u>\$ 25,236</u>	<u>\$ 9,841</u>	<u>\$ 498,490</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 4,909
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	17,756	25,236	-	-
2300	Unearned Revenue	-	-	9,841	493,581
2000	Total Liabilities	<u>17,756</u>	<u>25,236</u>	<u>9,841</u>	<u>498,490</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 17,756</u>	<u>\$ 25,236</u>	<u>\$ 9,841</u>	<u>\$ 498,490</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 327	\$ 846,478	\$ 24,681	\$ 15,976	\$ 3,562,880
-	-	96,401	-	2,743,830
-	36,295	-	-	49,476
-	-	-	-	344,568
<u>\$ 327</u>	<u>\$ 882,773</u>	<u>\$ 121,082</u>	<u>\$ 15,976</u>	<u>\$ 6,700,754</u>
\$ -	\$ 16,767	\$ -	\$ 760	\$ 220,899
-	157	-	-	96,940
-	-	94,419	-	2,372,868
327	-	26,663	15,216	857,458
<u>327</u>	<u>16,924</u>	<u>121,082</u>	<u>15,976</u>	<u>3,548,165</u>
-	-	-	-	140,388
-	-	-	-	2,146,352
-	865,849	-	-	865,849
<u>-</u>	<u>865,849</u>	<u>-</u>	<u>-</u>	<u>3,152,589</u>
<u>\$ 327</u>	<u>\$ 882,773</u>	<u>\$ 121,082</u>	<u>\$ 15,976</u>	<u>\$ 6,700,754</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	2,455,025	1,603,187	25,895	-
5020 Total Revenues	2,455,025	1,603,187	25,895	-
EXPENDITURES:				
Current:				
0011 Instruction	2,285,626	1,195,222	25,895	-
0012 Instructional Resources and Media Services	4,944	-	-	-
0013 Curriculum and Instructional Staff Development	122,498	10,740	-	-
0021 Instructional Leadership	1,865	32,128	-	-
0023 School Leadership	9,231	-	-	-
0031 Guidance, Counseling, and Evaluation Services	212	202,203	-	-
0033 Health Services	-	43,718	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	30,649	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	119,176	-	-
6030 Total Expenditures	2,455,025	1,603,187	25,895	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Title I - SIP Academy Grant	277 Coronavirus Relief Fund CARES	281 ESSER-II CRRSA Grant
\$ 327,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
749,304	-	-	-	-	-	-	-
5,894,342	114,938	481,163	287,536	70,513	21,016	363,861	2,196,156
6,970,990	114,938	481,163	287,536	70,513	21,016	363,861	2,196,156
-	111,303	-	231,866	65,576	21,016	-	2,095,833
-	1,000	-	1,165	-	-	-	-
-	-	305,722	53,474	-	-	-	-
-	2,635	-	650	-	-	-	-
-	-	159,056	-	-	-	-	-
-	-	13,070	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,473,676	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,301	-	-	-	-	-	-	4,821
-	-	-	-	-	-	-	-
-	-	3,315	381	4,937	-	-	-
147,558	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,628,535	114,938	481,163	287,536	70,513	21,016	-	2,100,654
1,342,455	-	-	-	-	-	363,861	95,502
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(363,861)	(95,502)
-	-	-	-	-	-	(363,861)	(95,502)
1,342,455	-	-	-	-	-	-	-
944,285	-	-	-	-	-	-	-
\$ 2,286,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	282 ESSER-III Grant	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	2,975	812,357
5900 Federal Program Revenues	127,024	183,490	-	-
5020 Total Revenues	127,024	183,490	2,975	812,357
EXPENDITURES:				
Current:				
0011 Instruction	100,470	73,018	-	1,138,085
0012 Instructional Resources and Media Services	-	-	-	223
0013 Curriculum and Instructional Staff Development	-	13,632	2,975	-
0021 Instructional Leadership	17,606	-	-	295
0023 School Leadership	-	12,788	-	-
0031 Guidance, Counseling, and Evaluation Services	8,948	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	83,054	-	-
0061 Community Services	-	998	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	127,024	183,490	2,975	1,138,603
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(326,246)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	326,246
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	326,246
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

429 Other State Special Revenue Funds	461 Campus Activity Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 462,255	\$ 932,990	\$ 320,501	\$ 2,043,090
14,440	-	152,621	-	1,731,697
-	-	-	-	13,824,146
14,440	462,255	1,085,611	320,501	17,598,933
-	86,807	798,608	111,128	8,340,453
-	14,641	-	36,909	58,882
-	5,567	-	4,250	518,858
-	6,497	55,355	505	117,536
-	27,040	207,707	-	415,822
-	7,004	23,941	124,929	380,307
-	-	-	-	43,718
-	303	-	-	303
-	-	-	-	5,473,676
-	265,741	-	42,780	308,521
-	10,064	-	-	22,186
14,440	1,525	-	-	99,019
-	-	-	-	40,280
-	-	-	-	147,558
-	-	-	-	119,176
14,440	425,189	1,085,611	320,501	16,086,295
-	37,066	-	-	1,512,638
-	-	-	-	326,246
-	-	-	-	(459,363)
-	-	-	-	(133,117)
-	37,066	-	-	1,379,521
-	828,783	-	-	1,773,068
\$ -	\$ 865,849	\$ -	\$ -	\$ 3,152,589

DICKINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 AUGUST 31, 2021

	865 Custodial Fund Student Activity Acct	876 Hospitality Fund	880 Education Foundation Fund	Total Custodial Funds
ASSETS				
Cash and Cash Equivalents	\$ 410,625	\$ 2,924	\$ 572,378	\$ 985,927
Other Receivables	1,657	-	-	1,657
Total Assets	<u>412,282</u>	<u>2,924</u>	<u>572,378</u>	<u>987,584</u>
LIABILITIES				
Accounts Payable	37,110	2,924	17,661	57,695
Due to Other Funds	2,043	-	-	2,043
Total Liabilities	<u>39,153</u>	<u>2,924</u>	<u>17,661</u>	<u>59,738</u>
NET POSITION				
Restricted for Student Groups	372,592	-	-	372,592
Restricted for Other Purposes	-	-	557,776	557,776
Unrestricted Net Position	(537)	-	3,059	2,522
Total Net Position	<u>\$ 372,055</u>	<u>\$ -</u>	<u>\$ 560,835</u>	<u>\$ 932,890</u>

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

	865 Custodial Fund Student Activity Acct	876 Hospitality Fund	880 Education Foundation Fund	Total Total Custodial Funds
ADDITIONS:				
Cocurricular Services or Activities	\$ 365,882	\$ -	\$ -	\$ 365,882
Earnings from Temporary Deposits	537	-	-	537
Contributions, Gifts and Donations	-	-	278,457	278,457
Miscellaneous Additions	-	-	549	549
Total Additions	<u>366,419</u>	<u>-</u>	<u>279,006</u>	<u>645,425</u>
DEDUCTIONS:				
Payroll Costs	-	-	49,716	49,716
Professional and Contracted Services	-	-	37,673	37,673
Supplies and Materials	-	-	5,394	5,394
Other Deductions	<u>365,882</u>	<u>-</u>	<u>189,282</u>	<u>555,164</u>
Total Deductions	<u>365,882</u>	<u>-</u>	<u>282,065</u>	<u>647,947</u>
Change in Net Position	537	-	(3,059)	(2,522)
Net Position - September 1 (Beginning)	<u>372,592</u>	<u>-</u>	<u>557,776</u>	<u>930,368</u>
Net Position - August 31 (Ending)	<u>\$ 373,129</u>	<u>\$ -</u>	<u>\$ 554,717</u>	<u>\$ 927,846</u>

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COMPLIANCE SCHEDULES

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2021

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.040000	0.500000	2,377,857,727
2014	1.040000	0.500000	2,649,688,574
2015	1.040000	0.500000	2,794,843,182
2016	1.040000	0.500000	2,916,730,130
2017	1.040000	0.500000	3,208,383,961
2018	1.040000	0.480000	3,678,159,013
2019	1.060000	0.460000	3,735,655,855
2020	0.970000	0.480000	4,178,050,483
2021 (School year under audit)	0.874000	0.470000	4,850,771,652
1000 TOTALS			

(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
\$ 644,530	\$ -	\$ 15,596	\$ 5,419	\$ (58,081)	\$ 565,434
84,145	-	2,279	1,096	(1,405)	79,365
104,978	-	3,428	1,648	(1,290)	98,612
149,701	-	17,372	8,351	(1,915)	122,063
174,575	-	15,179	7,298	(10,828)	141,270
194,610	-	17,161	8,251	(7,190)	162,008
332,632	-	83,650	38,608	18,860	229,234
502,416	-	179,184	77,759	58,866	304,339
1,158,030	-	460,013	227,636	25,592	495,973
-	65,194,371	41,739,183	22,445,559	-	1,009,629
<u>\$ 3,345,617</u>	<u>\$ 65,194,371</u>	<u>\$ 42,533,045</u>	<u>\$ 22,821,625</u>	<u>\$ 22,609</u>	<u>\$ 3,207,927</u>

See Note 4 on page 41 for reconciliation to Exhibit C-1.

DICKINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,177,802	\$ 2,177,802	\$ 327,344	\$ (1,850,458)
5800	State Program Revenues	225,721	225,721	749,304	523,583
5900	Federal Program Revenues	6,170,000	6,170,000	5,894,342	(275,658)
5020	Total Revenues	8,573,523	8,573,523	6,970,990	(1,602,533)
EXPENDITURES:					
Current:					
0035	Food Services	8,439,023	8,449,734	5,473,676	2,976,058
0051	Facilities Maintenance and Operations	84,500	84,500	7,301	77,199
Capital Outlay:					
0081	Facilities Acquisition and Construction	50,000	200,780	147,558	53,222
6030	Total Expenditures	8,573,523	8,735,014	5,628,535	3,106,479
1200	Net Change in Fund Balances	-	(161,491)	1,342,455	1,503,946
0100	Fund Balance - September 1 (Beginning)	944,285	944,285	944,285	-
3000	Fund Balance - August 31 (Ending)	\$ 944,285	\$ 782,794	\$ 2,286,740	\$ 1,503,946

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 23,418,558	\$ 23,418,558	\$ 23,047,777	\$ (370,781)
5800 State Program Revenues	-	-	464,713	464,713
5020 Total Revenues	23,418,558	23,418,558	23,512,490	93,932
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	8,475,000	8,475,000	8,475,000	-
0072 Interest on Long-Term Debt	14,120,677	13,320,677	13,254,082	66,595
0073 Bond Issuance Cost and Fees	300,000	1,100,000	805,886	294,114
6030 Total Expenditures	22,895,677	22,895,677	22,534,968	360,709
1100 Excess of Revenues Over Expenditures	522,881	522,881	977,522	454,641
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	27,940,000	27,940,000	-
7911 Capital Related Debt Issued	-	86,140,000	86,140,000	-
7916 Premium or Discount on Issuance of Bonds	-	8,060,000	8,782,409	722,409
8911 Transfers Out (Use)	-	(94,200,000)	(94,200,000)	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(27,940,000)	(27,940,000)	-
7080 Total Other Financing Sources (Uses)	-	-	722,409	722,409
1200 Net Change in Fund Balances	522,881	522,881	1,699,931	1,177,050
0100 Fund Balance - September 1 (Beginning)	10,706,816	10,706,816	10,706,816	-
3000 Fund Balance - August 31 (Ending)	\$ 11,229,697	\$ 11,229,697	\$ 12,406,747	\$ 1,177,050

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FEDERAL AWARDS SECTION

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MAYS & ASSOCIATES^{PLLC}
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
DICKINSON INDEPENDENT SCHOOL DISTRICT
Dickinson, 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 Dickinson Independent School District (the District), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

The logo for Mays & Associates, PLLC. It features the company name in a blue, cursive script font. Below the script, the text "Mays & Associates, PLLC" is written in a smaller, blue, sans-serif font.

Mays & Associates, PLLC

Baytown, Texas
January 7, 2022



MAYS & ASSOCIATES^{PLLC}
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
DICKINSON INDEPENDENT SCHOOL DISTRICT
Dickinson, Texas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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


Mays & Associates, PLLC

Baytown, Texas
January 7, 2022

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

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements noted: yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiencies identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

10.553; 10.555	Child Nutrition Cluster
84.425	ESSER II

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

Auditee qualified as low-risk auditee? X yes no

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

II. FINANCIAL STATEMENT FINDINGS

None Noted

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Noted

**DICKINSON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021**

STATUS OF PRIOR YEAR FINDING

None Noted

**DICKINSON INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021**

CORRECTIVE ACTION PLAN

None Noted

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE TREASURY			
<u>Passed Through State Department of Education</u>			
COVID - 19 Coronavirus Relief Fund	21.019	52202002	\$ 117,524
Total Passed Through State Department of Education			117,524
<u>Passed Through-Texas Div. of Emergency Management</u>			
COVID - 19 Coronavirus Relief Fund	21.019	2020-CF-019	128,814
Total Passed Through-Texas Div. of Emergency Management			128,814
<u>Passed Through-City of Dickinson, Texas</u>			
COVID - 19 Coronavirus Relief Fund	21.019	084901	25,000
Total Passed Through-City of Dickinson, Texas			25,000
<u>Passed Through-City of League City, Texas</u>			
COVID - 19 Coronavirus Relief Fund	21.019	084901	35,452
Total Passed Through-City of League City, Texas			35,452
<u>Passed Through-City of Texas City, Texas</u>			
COVID - 19 Coronavirus Relief Fund	21.019	084901	57,071
Total Passed Through-City of Texas City, Texas			57,071
TOTAL DEPARTMENT OF THE TREASURY			363,861
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
ROTC	12.000	TX080083	72,030
Total Direct Programs			72,030
TOTAL U.S. DEPARTMENT OF DEFENSE			72,030
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010	20610101084901	285,614
ESEA, Title I, Part A - Improving Basic Programs	84.010	21610101084901	2,245,402
Total Assistance Listing Number 84.010			2,531,016
*IDEA - Part B, Formula	84.027	206600010849016600	40,638
*IDEA - Part B, Formula	84.027	216600010849016600	1,562,549
Total Assistance Listing Number 84.027			1,603,187
*IDEA - Part B, Preschool	84.173	216610010849016610	25,895
Total Special Education Cluster (IDEA)			1,629,082
Career and Technical - Basic Grant	84.048	21420006084901	114,938
Title III, Part A - English Language Acquisition	84.365	20671001084901	134,155
Title III, Part A - English Language Acquisition	84.365	21671001084901	153,381
Total Assistance Listing Number 84.365			287,536
ESEA, Title II, Part A, Teacher Principal Training	84.367	20694501084901	155,295
ESEA, Title II, Part A, Teacher Principal Training	84.367	21694501084901	325,868
Total Assistance Listing Number 84.367			481,163

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Title I SIP Academy Grant	84.377	17610740084901	21,016
ESSER - School Emergency Relief	84.425	20521001084901	70,513
ESSER II of CRRSA Act	84.425	52102135	2,196,156
ESSER III of the American Rescue Plan Act of 2021	84.425	21528001084901	127,024
Total Assistance Listing Number 84.425			2,393,693
Summer School LEP	84.369	69551902	12,000
Title IV, Part A	84.424	21680101084901	140,750
Title IV, Part A	84.424	20680101084901	30,740
Total Assistance Listing Number 84.424			171,490
Total Passed Through State Department of Education			7,641,934
TOTAL U.S. DEPARTMENT OF EDUCATION			7,641,934
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-08-0177-00008	90,866
Total Passed Through Texas Dept of Human Services			90,866
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			90,866
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402001	1,667,707
*National School Lunch Program - Cash Assistance	10.555	71302101	3,832,782
*National School Lunch Prog. - Non-Cash Assistance	10.555	084901	393,853
Total Assistance Listing Number 10.555			4,226,635
Total Child Nutrition Cluster			5,894,342
Total Passed Through the State Department of Agriculture			5,894,342
TOTAL U.S. DEPARTMENT OF AGRICULTURE			5,894,342
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 14,063,033

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

1. The District utilizes the fund types specified in the Texas Education Agency's (TEA) *Financial Accountability System Resource Guide*.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

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

Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. The District has not elected to use the 10% de minimis indirect costs rate under the Uniform Guidance.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

4. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

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

5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards	\$ 14,063,033
School Health and Related Services (SHARS)	1,649,530
E-Rate reimbursements	89,344
IRS interest subsidy	<u>893,358</u>
Total Federal Program Revenues	<u>\$ 16,695,265</u>

(Per TEA *Financial Accountability System Resource Guide* – SHARS reimbursements are not to be reported on Schedule of Expenditures of Federal Awards.)

SCHOOLS FIRST QUESTIONNAIRE

DICKINSON INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2021

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	587912