

**O'DONNELL
INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

O'DONNELL INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

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O'DONNELL INDEPENDENT SCHOOL DISTRICT
YEAR ENDED AUGUST 31, 2021
CERTIFICATE OF BOARD

O'Donnell Independent School District
Name of School District

Lynn
County

153-903
County-District Number

We, the undersigned, certify that the attached auditors' report of the O'Donnell Independent School District was reviewed and approved disapproved for the year ended August 31, 2021, at a meeting of the Board of School Trustees of O'Donnell Independent School District on the 27th day of January, 2022.

Randy Cook

Signature of Board Secretary

Mandy Stidham

Signature of Board President

If the auditors' report was checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

NEWBERRY LEONARD HORTON & BAIRRINGTON
A DIVISION OF BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

ROBERT S WILTON
(1912-2006)
R. D. NEWBERRY
SCOTT L LEONARD
KARLA K HORTON
KIM BAIRRINGTON

611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542
EMAIL: cpas@lamesacpas.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants



January 7, 2022

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of School Trustees
O'Donnell Independent School District
Post Office Box 487
O'Donnell, TX 79351

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the O'Donnell Independent School District, O'Donnell, Texas, 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 an opinion 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 of 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 auditors consider 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 opinion.

Opinion

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, the aggregate remaining fund information of O'Donnell Independent School District as of August 31, 2021, the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12, budgetary comparison information for the General Fund on page 58, and the Teacher Retirement System schedules for pension and other post-employment benefits schedules on pages 59-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the O'Donnell Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the Texas Education Agency required schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and Texas Education Agency required schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 and individual nonmajor fund financial statements and Texas Education Agency required schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 and J-2. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the 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, 2021, on our consideration of O'Donnell Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing but not to provide an opinion on the 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 O'Donnell Independent School District's internal control over financial reporting and compliance.


Newberry Leonard Horton & Bairrington

O'Donnell Independent School District
Flying Forever Strong . . . Challenging Minds and Building Futures

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of O'Donnell Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the independent auditors' report, the District's basic financial statements which begin with Exhibit A-1 and the notes to the financial statements.

USING THIS ANNUAL REPORT

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

The government-wide financial statements include the Statement of Net Position and the Statement of Activities on Exhibits A-1 and B-1. These provide information about the activities of the District as a whole and present a long-term view of the District's property, debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (Exhibits C, D and E) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements reflect the activity of the cost of the employees' dental care plan, which was closed during the year. The remaining fiduciary statements provide financial information about activities for which the District acts solely as a trustee for holding funds.

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

Required supplementary information (Exhibits G-1, G-2, G-3, G-4 and G-5) provide the budget analysis for the General Fund and schedules providing detailed information on the District's net pension liability and other post-employment benefits with the Teacher Retirement System of Texas.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by Texas Education Agency (TEA). The sections labeled *Required TEA Schedules* contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Financial Statements (Statement of Net Position and Statement of Activities)

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position, Exhibit A-1, and the Statement of Activities, Exhibit B-1. Their primary purpose is to show whether the District is in better or worse condition as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health or financial position. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance, academic performances, property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we report governmental activities. Most of the District's basic services are reported here, including the instruction, leadership, counseling, cocurricular activities, food services, transportation, maintenance and general administration. Property taxes and state revenues finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements (Exhibits C) provide detailed information about the most significant funds, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I Part A - Improving Basic Program from the U.S. Department of Education. The District's administration establishes other funds to help it control and manage money for particular purposes. The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

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

Proprietary funds – The District has no proprietary funds.

Reporting the District's Fiduciary Responsibilities

Fiduciary funds - The District is the trustee or fiduciary for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position and Changes in Fiduciary Fund Net Position (Exhibit E-1 and E-2). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities. Net position of the District's governmental activities decreased by \$417,441, from \$9,117,387 to \$8,699,946 during the year.

The changes in governmental net position was the result of the following factors:

- The District's expenditures exceeded the revenues by \$553,675 (decrease).
- The District acquired capital assets and paid long-term principal payments in the amount of \$969,970 (increase).
- The District recorded depreciation in the amount of \$758,409 (decrease).
- The District required adjustments of \$4,530 (increase) to convert to full accrual accounting.
- There was a \$78,525 (decrease) net adjustment for the current year changes due to GASB Statement Number 68 reflecting the District's pension obligation.
- There was a \$1,332 (decrease) net adjustment for the current year changes due to GASB Statement Number 75 reflecting the District's post-employment benefit.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased by \$327,495 to \$1,001,014.

The District's total revenues decreased \$248,075 from the prior year. This change was a result of several factors:

- State equalization funding increased by \$288,571.
- Maintenance and operations and debt service taxes decreased by \$409,804.
- Investment earnings decreased by \$6,685.
- Charges for services decreased by \$13,173.
- State and federal grants decreased by \$56,467.
- 313 Agreement revenue increased by \$2,450.
- Various other revenue decreased by \$52,967.

Table I
O'DONNELL INDEPENDENT SCHOOL DISTRICT
NET POSITION

	Governmental Activities 2021	Governmental Activities 2020
Assets:		
Cash and cash equivalents	\$ 4,426,021	\$ 4,949,449
Other current assets	204,481	125,242
Capital assets	19,316,919	19,698,358
	<u>23,947,421</u>	<u>24,773,049</u>
Deferred Outflows of Resources:		
Deferred outflows related to TRS Pension	468,729	627,529
Deferred outflows related to TRS OPEB	606,980	691,852
	<u>1,075,709</u>	<u>1,319,381</u>
Liabilities:		
Current liabilities	297,937	155,964
Noncurrent liabilities	14,328,325	15,453,633
	<u>14,626,262</u>	<u>15,609,597</u>
Deferred Inflows of Resources:		
Deferred inflows related to bond refunding	285,879	302,696
Deferred inflows related to TRS Pension	271,170	239,867
Deferred inflows related to TRS OPEB	1,139,873	822,883
	<u>1,696,922</u>	<u>1,365,446</u>
Net Position:		
Net Investment in Capital Assets	7,291,232	7,346,036
Restricted	407,700	442,842
Unrestricted	1,001,014	1,328,509
	<u>\$ 8,699,946</u>	<u>\$ 9,117,387</u>

Table II
O'DONNELL INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2021	Governmental Activities 2020
Revenues:		
Program Revenues:		
Charges for services	\$ 92,201	\$ 105,374
Operating grants and contributions	784,827	906,360
General Revenues:		
Maintenance and operations taxes	1,014,531	1,219,635
Debt service taxes	967,219	1,171,919
State aid - formula grants	2,802,415	2,513,844
Grants and contributions not restricted to specific functions	127,390	62,324
Investment earnings	91,247	97,932
313 Agreements	52,450	50,000
Miscellaneous	41,520	94,487
Total Revenues	<u>\$ 5,973,800</u>	<u>\$ 6,221,875</u>
Expenses:		
Instruction, curriculum and media services	3,090,722	3,140,157
School leadership	330,291	394,711
Student support services	287,830	286,658
Child nutrition	266,869	267,861
Extracurricular activities	466,576	421,122
General administration	280,971	326,097
Plant maintenance, security and data processing	1,109,081	1,108,252
Community services	7,819	-
Interest	397,041	412,929
Bond issue cost and fees	2,700	1,001
Payments to fiscal agent/member districts of SSA	155,841	117,562
Total Expenses	<u>\$ 6,395,741</u>	<u>\$ 6,476,350</u>
Increase (Decrease) in net position before special items	(421,941)	(254,475)
Special items-disposal of assets	4,500	450
Change in net position	(417,441)	(254,025)
Net position at beginning of year	9,117,387	9,371,412
Net position at end of year	<u>\$ 8,699,946</u>	<u>\$ 9,117,387</u>

The cost of all governmental activities this year was \$6,395,741 compared to \$6,476,350 for the previous year. Some of the costs were paid by those who directly benefited from the programs (\$92,201) or by other governments and organizations that subsidized certain programs with grants and contributions (\$784,827). Additional expenditures were funded through various miscellaneous revenues, non-restricted grants and investment earnings (\$317,107). The remaining balance of \$5,201,606 was ultimately financed with District taxes (\$1,981,750) and State funding (\$2,802,415) and fund balance (\$417,441).

The District's appraised property value for maintenance and operations tax purposes increased by \$1,493,660 from the previous year. \$146,446,960 of the wind turbine projects amount are not taxed for maintenance and operations under a Chapter 313 agreement. This agreement resulted in a reduction in property taxes of \$1,466,520. This reduction is partially offset by direct payments in-lieu of taxes to the District from the subsidized taxpayers of \$52,450 during the year. The overall tax rate decreased to a rate of \$1.0014 for operations and \$0.28 for debt service.

THE DISTRICT'S FUNDS

Fund Balances

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$4,260,057, which is \$553,675 less than last year's total of \$4,813,732. The primary reason for the decrease in fund balance was expenditures exceeded revenues.

The original budget for 2020-2021 was developed in the spring of 2020 and adopted by the Board in August 2020. Over the course of the year, the Board of Trustees revised the District's budget. There were increases and decreases to various functions in the budget to cover reclassification of expenditures. The largest change in the budget was for facility improvements. The general fund budget was increased \$9,716 in revenues, and \$631,216 in expenditures. The total expenditures were within the final budget and were not over expended in any function

.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of August 31, 2021, the District had \$19,316,919 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration and maintenance. The capital assets added during the year included a route bus, utility vehicle, weight room equipment, ag farm renovations and the start of the football field renovations. Depreciation for the year was recorded at \$758,409.

Debt

At the end of the fiscal year, the District had long-term debt outstanding of \$14,328,325. Of this amount, \$10,996,000 is unlimited tax school building bonds guaranteed by the corpus of the State of Texas Permanent School Fund. This amount also includes the unamortized bond premium of \$725,138, the District's portion of net pension liability of \$1,105,602, and the District's net OPEB liability of \$1,501,585.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2022 budget and tax rate.

- a. During 2020-2021, the implementation of HB3 left the district planning saw decreased in M&O tax revenue due to the compression the legislation required. Significant changes were made in HB3 that impacted the 2019-2020 budget and continue into the 2020-2021 budget. Compression rates as outlined by HB3 are set by the TEA so there is no flexibility with the M&O tax rates. The M&O tax rate for 2019-2020 was \$1.01500 and the 2020-2021 tax rate compressed again to \$1.0014. This figure was used in completing the template. Appraisals have seen decreases in recent years and have continued into 2021. Appraisals for the 2019-2020 year were \$289,343,465 were \$255,783,408 in 2020 and are \$207,772,017 in 2021. Even though the appraisals lowered, the M&O tax rate continues to be compressed which will have a reduction in revenue for the 2021-2022 school year. The district at present receives funding for economically disadvantaged students at Tier 3 level. It is anticipated, using the figures generated in the template, that the district will see an increase in state aid of \$129,636 in 2021-2022 but will have to maintain the same revenue from property taxes but that is \$182,150 less than in the 2019-2020 school year. The windfarms continue to depreciate as outlined in the long – term financial plan in the 313 Agreement. The district set the I&S tax rate at \$0.383 which is anticipated to be \$50,000 short for paying debt; however, it was planned with the I&S Fund Balance to be used to make the difference in the shortfall. This was decided after taking community input. The overall tax rate in 2019-2020 was 2 cents lower than the previous year at \$1.4151 and was set at \$1.38140 in the 2020-2021 school year and is set for the 2021-2022 school year at \$1.3814. The district made the determination to keep the tax rate as close as possible to the previous year after hearing community input.
- b. The District's refined average enrollment for 2018-2019 was 284, which is 20 students lower than the previous year. The enrollment was 275 in the 2019-2020 school year, 9 students lower. The enrollment in 2020-2021 was 280.530 and currently the enrollment of 2021-2022 is 281.3 in refined ADA. So, the refined ADA has been somewhat stabilized from the decline in 2019-2020; however, if the decline in enrollment continues it will negatively impact the funding which will impact the revenue/expenditure ratios in the future.
- c. Budgeted general operating fund comparisons between 2019-2020 and 2020-2021 saw an increase in maintenance and operations of 1.6755% and a decrease in Debt Service of 9.02% so the total planning budget is 7.34% less than the 2020 fiscal year. Due to the COVID – 19 adjustments and requirements to target remote learning, the budget was not cut drastically and the required additional increase in salaries continues to increase the maintenance and operations budget in 2020-2021. In 2021-2022 the district streamlined the budget and plan to have a total decrease of 20.01% and much of the offset was due to ESSER Funding. The total expenditures approved were \$4,560,238 which is \$577,327 less than the 2020-2021 school year. The district adopted a "black" budget and seeks to make up some of the deficit from the previous year. The adopted budget expenditures for the 2019-2020 school year were \$5,083,512 which was a planned \$473,356 deficit. For the 2020-2021 school year, the adopted budgeted expenditures are \$5,137,565, which results in a \$765,051 deficit budget; however, the actual deficit was \$553,675 as detailed in this audit document. Going forward considering that compression rates will continue and state/federal funding will not bridge the gap while also seeing a decline in enrollment, the district will be required to cut personnel and services to augment the decline in funding.

- d. The District is expecting change in financial standing when the 313 expires this year. In the appraisals this year, the windmills will be placed on both the M&O and the I&S tax roll; however, the depreciation will continue. The district will work the Lynn County Appraisal district to ensure transparency and clarity with the transition is included in the budgetary planning for the 2022-2023 school year. At this time, it is not clear if the district will remain a Chapter 42 with the full values being placed on the appraisal roll. The District approved an application from Trex US Green Holly LLC for solar farms which may impact the 42 status 2021-2022 school year; however, this application will be extended to the 2022-2023 school year following Board approval. This agreement will significantly impact the I&S tax rate that year because the solar farms will be fully taxable for I&S.
- e. The District successfully passed a \$16,000,000 bond in May 2014. The Bond paid for the construction of a new high school gymnasium, classrooms, and an elementary kitchen. The School Board refinanced the 2014A Bonds in January 2017 which is projected to save the district \$2.4 million over the lifetime of the bonds. In August 2020, the District made a one-time \$50,000 payment using the Early Call feature of the contract and plans will continue to aggressively make additional payments when feasible. During the 2021-2022 budgetary planning, the district decided to utilize fund balance to offset the lack of tax revenue so that it could keep a lower tax rate after hearing input from the community rather than making an additional payment. For the 2021-2022 school year, the district will pay a total of \$951,144 in debt service payments and in 2022-2023, the district will pay \$a total of \$899,100.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, employees and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at O'Donnell Independent School District, Post Office Box 487, O'Donnell, Texas 79351.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Governmental Fund Financial Statements

Fiduciary Fund Financial Statements

Notes to the Financial Statements

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 4,426,021
1220 Property Taxes - Delinquent	123,194
1230 Allowance for Uncollectible Taxes	(32,016)
1240 Due from Other Governments	113,303
Capital Assets:	
1510 Land	48,174
1520 Buildings, Net	17,977,387
1530 Furniture and Equipment, Net	1,002,632
1580 Construction in Progress	288,726
1000 Total Assets	23,947,421
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	468,729
1706 Deferred Outflow Related to TRS OPEB	606,980
1700 Total Deferred Outflows of Resources	1,075,709
LIABILITIES	
2110 Accounts Payable	108,944
2140 Interest Payable	18,670
2160 Accrued Wages Payable	134,607
2180 Due to Other Governments	35,716
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	571,000
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	11,150,138
2540 Net Pension Liability (District's Share)	1,105,602
2545 Net OPEB Liability (District's Share)	1,501,585
2000 Total Liabilities	14,626,262
DEFERRED INFLOWS OF RESOURCES	
2603 Deferred Inflow Related to Bond Refunding	285,879
2605 Deferred Inflow Related to TRS Pension	271,170
2606 Deferred Inflow Related to TRS OPEB	1,139,873
2600 Total Deferred Inflows of Resources	1,696,922
NET POSITION	
3200 Net Investment in Capital Assets	7,291,232
3850 Restricted for Debt Service	407,700
3900 Unrestricted	1,001,014
3000 Total Net Position	\$ 8,699,946

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

ODONNELL 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	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 3,069,800	\$ 10,682	\$ 407,130	\$ (2,651,988)
12	Instructional Resources and Media Services	9,173	-	-	(9,173)
13	Curriculum and Instructional Staff Development	11,749	-	5,886	(5,863)
21	Instructional Leadership	37,473	-	10,000	(27,473)
23	School Leadership	292,818	-	20,823	(271,995)
31	Guidance, Counseling, and Evaluation Services	84,725	-	7,481	(77,244)
33	Health Services	72,748	-	5,627	(67,121)
34	Student (Pupil) Transportation	130,357	-	27,728	(102,629)
35	Food Services	266,869	10,902	225,454	(30,513)
36	Extracurricular Activities	466,576	21,815	15,966	(428,795)
41	General Administration	280,971	75	8,188	(272,708)
51	Facilities Maintenance and Operations	801,627	48,727	21,889	(731,011)
52	Security and Monitoring Services	7,879	-	5,503	(2,376)
53	Data Processing Services	299,575	-	20,215	(279,360)
61	Community Services	7,819	-	2,937	(4,882)
72	Debt Service - Interest on Long-Term Debt	397,041	-	-	(397,041)
73	Debt Service - Bond Issuance Cost and Fees	2,700	-	-	(2,700)
93	Payments Related to Shared Services Arrangements	117,612	-	-	(117,612)
99	Other Intergovernmental Charges	38,229	-	-	(38,229)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 6,395,741	\$ 92,201	\$ 784,827	(5,518,713)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			1,014,531	
DT	Property Taxes, Levied for Debt Service			967,219	
SF	State Aid - Formula Grants			2,802,415	
GC	Grants and Contributions not Restricted			127,390	
IE	Investment Earnings			91,247	
MI	Miscellaneous Local and Intermediate Revenue			93,970	
S1	Special Item - Gain on Disposal of Assets			4,500	
TR	Total General Revenues and Special Items			5,101,272	
CN	Change in Net Position			(417,441)	
NB	Net Position - Beginning			9,117,387	
NE	Net Position - Ending			\$ 8,699,946	

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 4,028,587	\$ 397,248	\$ 186	\$ 4,426,021
1220 Property Taxes - Delinquent	90,817	32,377	-	123,194
1230 Allowance for Uncollectible Taxes	(24,784)	(7,232)	-	(32,016)
1240 Due from Other Governments	-	2,544	110,759	113,303
1260 Due from Other Funds	42,657	-	-	42,657
1000 Total Assets	<u>\$ 4,137,277</u>	<u>\$ 424,937</u>	<u>\$ 110,945</u>	<u>\$ 4,673,159</u>
LIABILITIES				
2110 Accounts Payable	\$ 105,081	\$ -	\$ 3,863	\$ 108,944
2160 Accrued Wages Payable	70,182	-	64,425	134,607
2170 Due to Other Funds	-	-	42,657	42,657
2180 Due to Other Governments	35,716	-	-	35,716
2000 Total Liabilities	<u>210,979</u>	<u>-</u>	<u>110,945</u>	<u>321,924</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	66,033	25,145	-	91,178
2600 Total Deferred Inflows of Resources	<u>66,033</u>	<u>25,145</u>	<u>-</u>	<u>91,178</u>
FUND BALANCES				
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	399,792	-	399,792
3490 Other Restricted Fund Balance	-	-	-	-
Assigned Fund Balance:				
3550 Construction	2,000,000	-	-	2,000,000
3600 Unassigned Fund Balance	1,860,265	-	-	1,860,265
3000 Total Fund Balances	<u>3,860,265</u>	<u>399,792</u>	<u>-</u>	<u>4,260,057</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,137,277</u>	<u>\$ 424,937</u>	<u>\$ 110,945</u>	<u>\$ 4,673,159</u>

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

ODONNELL 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	\$	4,260,057
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$26,894,447 and the accumulated depreciation was \$7,196,089. In addition, long-term liabilities, including bonds payable of \$11,589,000 and bond premiums of \$745,338 are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		7,364,020
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but are shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays of \$376,970 debt principal payments of \$593,000 is to increase net position.		969,970
3 Bond premiums and deferred gain on refunding are recorded as revenues when the funds are received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. Recording the beginning balance on deferred gain on refunding of \$302,696, current amortization of bond premium of \$20,200 and current year amortization of gain on bond refunding of \$16,817 results in a decrease in net position.		(265,679)
4 Accrued interest on bonds payable of \$18,670 decreases net position.		(18,670)
5 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(758,409)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68 in the amount of \$1,105,602, a deferred resource inflow related to TRS in the amount of \$271,170 and a deferred resource outflow related to TRS in the amount of \$468,729. The net effect is to decrease net position.		(908,043)
7 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75 in the amount of \$1,501,585, a deferred resource inflow related to OPEB in the amount of \$1,139,873, and a deferred resource outflow related to OPEB in the amount of \$606,980. The net effect decreased net position.		(2,034,478)
8 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications is to increase net position.		91,178
19 Net Position of Governmental Activities	\$	8,699,946

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,276,817	\$ 977,135	\$ -	\$ 2,253,952
5800 State Program Revenues	3,096,024	6,774	11,919	3,114,717
5900 Federal Program Revenues	273,705	-	291,797	565,502
5020 Total Revenues	<u>4,646,546</u>	<u>983,909</u>	<u>303,716</u>	<u>5,934,171</u>
EXPENDITURES:				
Current:				
0011 Instruction	2,326,407	-	249,831	2,576,238
0012 Instructional Resources and Media Services	2,213	-	-	2,213
0013 Curriculum and Instructional Staff Development	5,863	-	5,886	11,749
0021 Instructional Leadership	26,259	-	10,000	36,259
0023 School Leadership	275,314	-	-	275,314
0031 Guidance, Counseling, and Evaluation Services	81,321	-	1,140	82,461
0033 Health Services	70,482	-	-	70,482
0034 Student (Pupil) Transportation	134,282	-	22,940	157,222
0035 Food Services	224,878	-	-	224,878
0036 Extracurricular Activities	386,350	-	4,200	390,550
0041 General Administration	256,907	-	-	256,907
0051 Facilities Maintenance and Operations	653,835	-	2,283	656,118
0052 Security and Monitoring Services	2,376	-	5,503	7,879
0053 Data Processing Services	293,634	-	-	293,634
0061 Community Services	4,882	-	2,937	7,819
Debt Service:				
0071 Principal on Long-Term Debt	-	593,000	-	593,000
0072 Interest on Long-Term Debt	-	396,355	-	396,355
0073 Bond Issuance Cost and Fees	-	2,700	-	2,700
Capital Outlay:				
0081 Facilities Acquisition and Construction	294,727	-	-	294,727
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	117,612	-	-	117,612
0099 Other Intergovernmental Charges	38,229	-	-	38,229
6030 Total Expenditures	<u>5,195,571</u>	<u>992,055</u>	<u>304,720</u>	<u>6,492,346</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(549,025)	(8,146)	(1,004)	(558,175)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	4,500	-	-	4,500
1200 Net Change in Fund Balances	(544,525)	(8,146)	(1,004)	(553,675)
0100 Fund Balance - September 1 (Beginning)	<u>4,404,790</u>	<u>407,938</u>	<u>1,004</u>	<u>4,813,732</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,860,265</u>	<u>\$ 399,792</u>	<u>\$ -</u>	<u>\$ 4,260,057</u>

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

ODONNELL 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	\$	(553,675)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they are shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays of \$376,970 and debt principal payments of \$593,000 increased the change in net position.		969,970
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 decreased the change in net position.		(758,409)
Bond premiums and deferred gain on refunding are recorded as revenues when the funds are received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. Current amortization of bond premium of \$20,200 and current year amortization of gain on bond refunding of \$16,817 increased the change in net position.		37,017
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when paid. The current year change in the accrued interest is a increase of \$686, decreasing the change in net position.		(686)
Current year changes due to GASB 68 increased revenues in the amount of \$95,379 but also increased expenditures in the amount of \$173,904. The net effect decreased the change in net position.		(78,525)
Current year changes due to GASB 75 decreased revenues in the amount of \$60,966 but also decreased expenditures in the amount of \$59,634. The net effect decreased the change in net position.		(1,332)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions increased the change in net position.		(31,801)
Change in Net Position of Governmental Activities	\$	(417,441)

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

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

	Private Purpose Trust Funds	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 4,110	\$ 38,746
Total Assets	<u>4,110</u>	<u>\$ 38,746</u>
LIABILITIES		
Accounts Payable	-	2,709
Total Liabilities	<u>-</u>	<u>2,709</u>
NET POSITION		
Restricted for Campus Activities	-	36,037
Restricted for Scholarships	4,110	-
Total Net Position	<u>\$ 4,110</u>	<u>\$ 36,037</u>

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

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

	Private Purpose Trust Funds	Custodial Fund
ADDITIONS:		
Miscellaneous Revenue - Student Activities	\$ -	\$ 58,177
Earnings from Temporary Deposits	161	935
Contributions, Gifts and Donations	3,820	-
Donations Received	3,851	-
Total Additions	<u>7,832</u>	<u>59,112</u>
DEDUCTIONS:		
Scholarships paid out	6,067	-
Supplies and Materials	-	60,929
Other Deductions	3,851	-
Total Deductions	<u>9,918</u>	<u>60,929</u>
Change in Fiduciary Net Position	(2,086)	(1,817)
Total Net Position - September 1 (Beginning)	-	37,854
Prior Period Adjustment	<u>6,196</u>	<u>-</u>
Total Net Position - August 31 (Ending)	<u>\$ 4,110</u>	<u>\$ 36,037</u>

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O'Donnell Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 76, applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accounting and Reporting (FAR) guide and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of School Trustees (the Board), a seven-member group, is elected by the public and has the authority to make decisions, appoint administrators and managers and significantly influence operations. It also has the primary accountability for fiscal matters. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

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

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the O'Donnell Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds. Bond issue costs are expensed when incurred, in accordance with GASB Statements No. 63 and 65.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

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

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

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the liability is incurred, if measurable, except for unmatured interest and principal on long-term debt which is recognized when due. The District considers all revenues available if they are collectible within 60 days after year end.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

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

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred inflows of resources until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into invested in capital assets, restricted and unrestricted.

GOVERNMENTAL FUND TYPES

The District reports the following major governmental funds:

General Fund — The General Fund is the District's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund, and undesignated fund balances are considered resources available for current operations.

Debt Service Funds — The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a Debt Service Fund.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

Additionally, the District reports the following fund type(s):

Governmental Funds:

Special Revenue Funds — The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

Private Purpose Trust Funds — The District accounts for donations for which the donor stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are the Glenn Hopkins Scholarship Fund, the Dwight Gleghorn Scholarship Fund, the Bill Clopton Scholarship Fund, the Angie Harrison Scholarship Fund and the Robyn Williams Scholarship Fund.

Custodial Funds — The District accounts for activities of student groups in these funds. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

C. OTHER ACCOUNTING POLICIES

Cash Equivalents — For purposes of the statement of cash flows for proprietary and similar fund types, the District considers highly liquid investments to be cash equivalents if they mature in three months or less when purchased.

Consumable Materials and Supplies — The District reports disbursements for the purchase of consumable materials and supplies are recorded as expenditures. Inventories of such items, therefore, are not included in the balance sheet. Food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as expenditures when received, and revenue is recognized for an equal amount.

Due From (To) Other Funds — Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note IV, E for additional discussion of interfund receivables and payables.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

Capital Assets — Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs 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.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building Improvements	20
Vehicles	5-8
Computer Equipment	5
Other Equipment	5-10

Land is not depreciated.

Long-Term Debt — In the government-wide financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activity. Bond premiums, but not issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize payment of debt as an expenditure 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Vacation and Sick Leave — Vacations are to be taken within the same year they are earned, and unused days at the end of the year are forfeited. Therefore, no liability has been accrued for vacation days. Employees of the District are entitled to state and local sick leave. The state sick leave is allowed to be accumulated but does not vest. The local sick leave is not allowed to be accumulated. Therefore, a liability for unused sick leave has not been recorded in the accompanying General Purpose Fund Financial Statements.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

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' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Deferred Outflows of Resources — In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. On the government-wide statements these taxes are included in revenue; therefore, they are not reported in this category on the government-wide statement of net position.

Restriction on Assets — The assets of the scholarship funds are restricted for scholarships only. There are no restrictions on the assets of the General Fund.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

Net Position and Fund Balance —

Government-Wide Financial Statements:

Net Investment in Capital Assets — The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service — The component of net position that is restricted for use in repayment of long-term obligation debt of the District.

Unrestricted — The difference between the assets with deferred outflows of resources and liabilities with deferred inflows of resources that is not reported in Net Investment in Capital Assets, Restricted for Debt Service and Restricted for Other Purposes.

Governmental Fund Financial Statements:

The District has used the following classifications for fund balance:

Nonspendable Fund Balance — amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balance.

Restricted Fund Balance — that fund balance that can be spent only for specific purposes stipulated by constitution, external resource providers, laws and regulations of other governments or enabling legislation.

Committed Fund Balance — that portion of fund balance that can be used only for specific purposes pursuant to constraints imposed by formal Board action no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner. The District has no committed fund balance.

Assigned Fund Balance — that portion of fund balance that is constrained by the District's intent to be used for specific purposes but is neither restricted nor committed. Such intent is expressed by the Board or its designated official. Constraints imposed on the use of assigned amounts can be removed without formal Board action. The District has \$2,000,000 assigned for construction.

Unassigned Fund Balance — that portion of fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the General Fund. It represents that portion that is available for budgeting future operations.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

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

Restriction on Assets — The assets of the scholarship funds are restricted for scholarships only. The assets of the Debt Service Fund are restricted for use in repayment of long-term obligations. There are no restrictions on the assets of the General Fund.

Encumbrance Accounting — The District employs encumbrance accounting for goods or purchased services documented by purchase orders and contracts. An encumbrance represents an appropriation related to unperformed contracts for goods and services but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

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

Prior Period Adjustment — During fiscal year 2021, the District adopted GASB Statement No. 84 (GASB 84) for Fiduciary Activities. With GASB 84, the District must record revenues and expenses in custodial funds and only include student activity organizations. Any other school organizational activities are required to be accounted for in a special revenue fund. Adoption of GASB 84 required a prior period adjustment to report the effect of GASB 84 retroactively in the custodial funds. The amount of the prior period adjustment and restated beginning net position in the custodial funds is \$37,855.

Data Control Codes — The Data Control Codes refer to the account code structure prescribed by Texas Education Agency in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the net position for governmental activities as reported in the Government-Wide Statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value</u> <u>Beginning</u> <u>of the Year</u>	<u>Change in</u> <u>Net Assets</u>
Land	\$ 48,174		\$ 48,174	
Buildings	24,276,750	(5,726,149)	18,550,601	
Furniture and Equipment	2,569,523	(1,469,940)	1,099,583	
Change in Net Assets				\$ 19,698,358
<u>Long-Term Liabilities</u> <u>Beginning of the Year</u>			<u>Payable Beginning</u> <u>of the Year</u>	
Unlimited Tax School Building Bonds - Series 2014A			2,969,000	
Unlimited Tax School Building Bonds - Series 2015			1,615,000	
Unlimited Tax Refunding Bonds - Series 2017			7,005,000	
Bond Issuance Premiums			745,338	12,334,338
Change in Net Assets				<u>\$ 7,364,020</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibits C-2 and C-4 provide reconciliation between the net changes in fund balance as shown on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Changes in Net Position of Governmental Activities as reported on the Government-Wide Statement of Activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS — CONTINUED

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES — CONTINUED

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Exhibit C-2 Adjustments to Net Position</u>	<u>Exhibit C-4 Adjustments to Changes in Net Position</u>
Buildings	\$ 5,999		
Furniture and Equipment	82,245		
Construction in Process	288,726		
Total Capital Outlay	<u>\$ 376,970</u>	\$ 376,970	\$ 376,970
<u>Debt Principal Payments</u>			
Bond Principal Payments	<u>\$ 593,000</u>		
Total Principal Payments	<u>593,000</u>	<u>593,000</u>	<u>593,000</u>
Total Adjustments to Net Position		<u>\$ 969,970</u>	<u>\$ 969,970</u>

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

<u>Adjustments to Revenue and Deferred Revenue</u>	<u>Amount</u>	<u>Exhibit C-2 Adjustments to Net Position</u>	<u>Exhibit C-4 Adjustments to Changes in Net Position</u>
Taxes Collected from Prior Year Levies	\$ 35,033	\$ -	\$ (35,033)
Uncollected Taxes (assumed collectible) from Current Year Levy	\$ 28,732	28,732	28,732
Uncollected Taxes (assumed collectible) from Prior Year Levy	\$ 62,446	62,446	
Change in Estimate of Deferred Tax Revenue at Beginning of Year	\$ 25,500		(25,500)
Total		<u>\$ 91,178</u>	<u>\$ (31,801)</u>

**O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the General Fund). There are no legal requirements for funds to be budgeted in the Capital Projects Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the Debt Service Fund budget report appears in Exhibit J-2.

The following procedures are used in establishing the budgetary data reflected in the general purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. 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 fiscal year end. Budget amendments were necessary during the year. The amendments during the year increased the total General Fund budget \$631,216. The majority of this increase due to budgeting \$551,500 for facilities acquisition and construction. The balance of the increases was throughout various functions for operating expenditures and increased overall as additional local funding was received. In the debt service fund, the budget was amended for additional fees paid on the bonds. The budget was not over expended.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end. There were not any fund balances for either appropriated budget or nonappropriated budget special revenue funds at year end.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation preferences for certificates of deposit. Statutes and local investment policies 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) fully collateralized repurchase agreements, (4) securities lending programs, (5) bankers' acceptances, (6) commercial paper, (7) no-load money market mutual funds, (8) no-load mutual funds, (9) guaranteed investment contracts and (10) public investment pools.

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. This policy is reviewed on an annual basis and addresses the following risks:

Custodial Credit Risk for Deposits (cash, certificates of deposit and interest-bearing savings accounts) — The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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.

The District's depository is Lamesa National Bank. At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$4,468,878 and the bank balance was \$4,525,832.

The District's largest balance was \$5,463,767 which occurred in November 2020, and the value of collateral pledged and FDIC insurance was \$25,485,800. The funds were fully secured during the fiscal year and were fully secured as of August 31, 2021.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS — CONTINUED

Interest Rate Risk — Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District invests in interest bearing checking accounts and money market accounts to limit the interest rate risk.

Credit Risk — To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District invests in interest bearing checking accounts and money market accounts.

Concentration of Credit Risk — The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act. There were no investments in any one issuer (other than interest bearing checking accounts and money market accounts) that represent 5% or more of the total District investments.

A summary of the District's cash and cash equivalents at August 31, 2021, are shown below:

	Bank Deposits
General	\$ 4,028,587
Debt Service	397,248
Special Revenue	186
Total Governmental	4,426,021
Fiduciary	42,857
Total	\$ 4,468,878

The District invested in interest bearing checking accounts and money market accounts all with an interest rate of 2.0% as of August 31, 2021. Only debt services are invested in a savings account earning 0.15% as of August 31, 2021.

B. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 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 levy date. The certified assessed taxable value of the property tax roll for maintenance and operations taxes in July 24, 2020, upon which the levy for the 2020-2021 fiscal year was based, was \$104,394,560. The roll was subsequently decreased to a year-end value of \$96,858,340. The values for debt service taxes were \$255,783,420 and \$248,247,200, respectively. The debt service values included additional values of \$151,388,860 for wind farms that were operating within Chapter 313 agreements. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

**O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

B. PROPERTY TAXES — CONTINUED

The tax rate 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 was \$1.0014 and \$0.38 per \$100 valuation, respectively, for a total of \$1.3814 per \$100 valuation.

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 District is prohibited from writing off real property taxes until they have been delinquent for twenty years. As of August 31, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled \$66,033 and \$25,145 for the General and Debt Service Funds, respectively.

C. CHAPTER 313 — VALUE LIMITATION AND TAX AGREEMENTS

On November 14, 2011, the O'Donnell Independent School District and Wind Tex Energy – Stephens LLC agreed to limitations of \$10,000,000 on appraised value of property for school district maintenance and operations taxes for the purpose of a renewable energy electric generation project pursuant to Chapter 313 of the Texas Tax Code. The company rights in this agreement were later assigned to Stephens Ranch Wind Energy LLC, Stephens Ranch Wind Energy II LLC and Cirrus Wind 1 LLC.

Value limitation agreements are a part of a state program, originally created in 2001, which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project under the Chapter 313 agreement must be consistent with the State's goal to "encourage large scale capital investments in this state." Chapter 313 of the Texas Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreement and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

After approval, the applicant company must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are met.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

C. CHAPTER 313 TAX ABATEMENT AGREEMENT — CONTINUED

In the event that the company terminates this agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this agreement or to meet any material obligation under this agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties and interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a) and §33.01(c), respectively, or their successor statutes. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

The district has entered into three 313 agreements in various stages of completion.

Wind Tex Energy – Stephens LLC

The agreement was for Wind Tex Energy LLC to invest capital of \$224,966,000 on a long-term basis for a valuation limitation of \$10,000,000. For fiscal year 2021, which is year 9 of the agreement, with the Maintenance and Operations tax rate of \$1.0014 per \$100, with property valued at \$156,446,960 without considering the limit and \$10,000,000 with the limit. When calculated, the district foregoes collecting \$1,466,520 in tax revenue – however, that is offset by payment in lieu of taxes totaling \$37,450.

Trex US Red Holly, LLC

This agreement is for TREX US Red Holly, LLC to invest capital of \$235,000,000 in a solar farm, with a basis limitation of \$30,000,000. For fiscal year 2021, the project is still in the preliminary stage. In fiscal year 2023, the project is anticipated to be complete. A payment in lieu of taxes of \$7,500 was received.

TREX US Green Holly, LLC

This agreement is for TREX US Green Holly, LLC to invest capital of \$340,000,000 in a solar farm, with a basis limitation of \$30,000,000. For fiscal year 2021, the project is still in the preliminary stage. In fiscal year 2023, the project is anticipated to be complete. A payment in lieu of taxes of \$7,500 was received.

D. DISAGGREGATION OF DUE TO/ FROM OTHER GOVERNMENTS

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

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Due to State Entitlements	\$ (35,716)	\$ 2,544	\$ -	\$ (33,172)
Due from Federal Grants			110,759	110,759
Total Due (to) from Other Governments	\$ (35,716)	\$ 2,544	\$ 110,759	\$ 77,587

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

E. INTERFUND BALANCES AND TRANSFERS

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Special Revenue Funds	\$ 42,657	\$ -
Total General Fund	<u>42,657</u>	<u>-</u>
Special Revenue Funds:		
General Fund	<u>-</u>	<u>42,657</u>
Total Special Revenue Funds	<u>-</u>	<u>42,657</u>
Total All Funds	<u>\$ 42,657</u>	<u>\$ 42,657</u>

The District did not clear the interfund payables and receivables at year-end. The amounts represent short-term borrowings between funds for operating expenses.

There were no transfers between funds in the current year.

F. CAPITAL ASSET ACTIVITY

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

	<u>Primary Government</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	
Governmental Activities:				
Land	\$ 48,174			\$ 48,174
Buildings and Improvements	24,276,750	5,999		24,282,749
Furniture and Equipment	2,569,523	82,245	(4,700)	2,647,068
Construction in Process		288,726		288,726
Totals at Historic Cost	<u>\$ 26,894,447</u>	<u>\$ 376,970</u>	<u>\$ (4,700)</u>	<u>\$ 27,266,717</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,726,149)	(579,213)		(6,305,362)
Furniture and Equipment	(1,469,940)	(179,196)	4,700	(1,644,436)
Total Accumulated Depreciation	<u>(7,196,089)</u>	<u>(758,409)</u>	<u>4,700</u>	<u>(7,949,798)</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,698,358</u>	<u>\$ (381,439)</u>	<u>\$ -</u>	<u>\$ 19,316,919</u>

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

F. CAPITAL ASSET ACTIVITY — CONTINUED

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 419,821
Instructional Resources and Media Services	6,960
School Leadership	9,877
Health Services	748
Student (Pupil) Transportation	35,704
Food Services	36,134
Extracurricular Activities	81,211
Administration	19,493
Facilities Maintenance and Operations	148,461
Total Depreciation Expense	<u>\$ 758,409</u>

G. DEFERRED INFLOWS OF RESOURCES — GOVERNMENTAL FUNDS

Deferred inflows of resources in the fund statements at year-end consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes - Delinquent	\$ 90,817	\$ 32,377	\$ 123,194
Less: Allowance for Uncollectible Taxes	(24,784)	(7,232)	(32,016)
Total Deferred Inflows of Resources	<u>\$ 66,033</u>	<u>\$ 25,145</u>	<u>\$ 91,178</u>

H. LONG-TERM LIABILITIES

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

An election was held within the District on May 10, 2014, at which the District's voters authorized the issuance of up to \$16,000,000 in unlimited tax bonds for the purpose of constructing and equipping of a new high school with a competition gymnasium and a career and technology facility; construction and equipment of a new elementary school kitchen; electrical upgrades and renovations to classrooms and the commons area at the existing high school; and the purchase of new school buses, with any surplus funds to be used for the additional construction, acquisition, renovation, demolition, improvement and equipment of school buildings of the District and pay the costs associated with issuance of the bonds.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

H. LONG-TERM LIABILITIES — CONTINUED

On August 15, 2014, the District issued \$8,485,000, Unlimited Tax School Building Bonds, Series 2014, which were sold on the open market. \$5,000,000 Unlimited Tax School Building Bonds, Series 2014A, was sold to a financial institution via a private bank placement on August 25, 2014. The Series 2014 bonds were redeemed with proceeds from the 2017 refunding bond.

\$5,000,000 Unlimited Tax School Building Bonds, Series 2014A

These bonds require annual principal payments ranging from \$293,000 to \$408,000. Principal payments began on February 15, 2015, and the final payment is due February 15, 2028. The interest rate on the annual installments is 2.29%.

These bonds are term bonds maturing on February 15, 2028, callable in whole or in part on any date beginning February 15, 2016, at par value, plus accrued interest to the date of redemption.

\$1,900,000 Unlimited Tax School Building Bonds, Series 2015

These bonds require annual principal payments ranging from \$60,000 to \$115,000. Principal payments began on February 15, 2016, and the final payment is due February 15, 2040. Interest rates on the annual installments ranged from 2.00% to 4.00%.

These bonds, having stated maturities on and after February 15, 2026, are subject to redemption, at the option of the District, in whole or part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value plus accrued interest to the date of redemption.

\$7,295,000 Unlimited Tax Refunding, Series 2017

On January 15, 2017, the District issued Unlimited Tax Refunding Bonds, Series 2017, in the amount of \$7,925,000 to refund a portion of the \$8,485,000 Unlimited Tax School Building Bond, Series 2014. This bond consists of \$7,115,000 in serial bonds and \$810,000 in term bonds. The interest rate on the annual installments is 4.0%. Principal payments began on August 15, 2017, and the final payment is due on February 15, 2039.

These bonds, maturing on or after February 15, 2029, are subject to optional redemption, in whole or par on February 15, 2026, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption.

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

H. LONG-TERM LIABILITIES — CONTINUED

Summary of Activity

A summary of long-term debt transactions of the District for the year ended August 31, 2021, is as follows:

	Beginning Balance	Additions	Retired/ Refunded	Ending Balance Balance	Due Within One Year
Unlimited Tax School Building					
Bonds - Series 2014A	\$ 2,969,000	\$ -	\$ 348,000	\$ 2,621,000	\$ 356,000
Unlimited Tax School Building					
Bonds - Series 2015	1,615,000		60,000	1,555,000	60,000
Unlimited Tax Refunding					
Bonds - Series 2017	7,005,000		185,000	6,820,000	155,000
Unamortized Bond Premium	745,338		20,200	725,138	
Total Bonded Debt	\$ 12,334,338	\$ -	\$ 613,200	\$ 11,721,138	\$ 571,000

Debt Service Requirements

As of August 31, 2021, debt service requirements for the principal and interest for the debt obligation are as follows:

Year Ending August 31	Bond Obligations		Total Requirements
	Principal	Interest	
2022	\$ 571,000	\$ 380,145	\$ 951,145
2023	534,000	365,101	899,101
2024	508,000	351,500	859,500
2025	486,000	339,041	825,041
2026	495,000	326,826	821,826
2027-2031	2,667,000	1,404,643	4,071,643
2032-2036	3,300,000	827,600	4,127,600
2037-2040	2,435,000	157,900	2,592,900
	\$ 10,996,000	\$ 4,152,756	\$ 15,148,756

There was \$396,355 of interest paid during the current year.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. DEFINED BENEFIT PENSION PLAN

Plan Description — The O'Donnell Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution.

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

Pension Plan Fiduciary Net Position — Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at 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.

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 benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees.

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

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. DEFINED BENEFIT PENSION PLAN — CONTINUED

Contributions — continued

	Contributions Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employer	7.5%	7.5%
District's 2021 Fiscal Year Employer Contributions		\$ 85,919
District's 2021 Fiscal Year Member Contributions		\$ 225,799
NECE 2020 Measurement Year On-Behalf Contributions		\$ 177,590

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the Plan during the fiscal year reduced by the employer contributions. 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 or a privately sponsored source.

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

- Employers must contribute 1.5% of the member's salary ("Public Education Employer Surcharge")
- 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.

**O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. DEFINED BENEFIT PENSION PLAN — CONTINUED

Actuarial Assumptions

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

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

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

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

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. DEFINED BENEFIT PENSION PLAN — CONTINUED

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

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

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020, are presented in the Asset Allocations the following table from the TRS Annual Comprehensive Financial Report for 2020, page 53.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. DEFINED BENEFIT PENSION PLAN — CONTINUED

<u>Asset Class</u>	<u>Target Allocation ¹ %</u>	<u>Long-Term Expected Geometric Real Rate of Return ²</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return (including Credit Sensitive Investments)		1.80%	
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.02%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities		0.80%	
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			
Volatility Drag ³			2.00%
			-0.67%
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.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. DEFINED BENEFIT PENSION PLAN — CONTINUED

Discount Rate Sensitivity Analysis — The following schedule shows the impact of the net pension liability if the discount rate used was one percentage point less than and one percentage point greater than the discount rate that was used (7.25%) in measuring the net pension liability. The discount rate can be found in the 2020 TRS ACFR, Note 11, page 84.

	1% Decrease in Discount Rate (6.25%)	Current Single Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's Proportionate Share of the Net Pension Liability	\$ 1,704,819	\$ 1,105,602	\$ 618,752

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At August 31, 2021, the O'Donnell Independent School District reported a liability of \$1,105,602 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to the O'Donnell Independent School District. The amount recognized by the O'Donnell Independent School 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 O'Donnell Independent School District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 1,105,602
State's Proportionate Share that is Associated with the District	<u>2,305,213</u>
Total	<u><u>\$ 3,410,815</u></u>

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

At August 31, 2020, the O'Donnell Independent School District's proportion of the collective net pension liability was 0.0020643101%, which was a decrease of 0.0002771807% from its proportion measured as of August 31, 2019.

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. DEFINED BENEFIT PENSION PLAN — CONTINUED

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

For the year ended August 31, 2021, the O'Donnell Independent School District recognized pension expense of \$277,266 and revenue of \$277,266 for support provided by the State in the Government Wide Statement of Activities.

For the year ended August 31, 2021, the O'Donnell Independent School 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	\$ 2,019	\$ 30,854
Changes in actuarial assumptions	256,539	109,079
Net difference between projected and actual investment earnings	22,382	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	101,870	131,237
Contributions paid to TRS subsequent to the measurement date	85,919	
Total	\$ 468,729	\$ 271,170

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

	Pension Expense Amount
<u>Year ended August 31:</u>	
2022	\$ 37,328
2023	43,825
2024	46,750
2025	13,602
2026	(23,910)
Thereafter	(5,956)

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

Plan Description — The O'Donnell Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other post-employment benefit (OPEB) plan with a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position — Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/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
Total OPEB liability	\$ 40,010,833,815
Less plan fiduciary net position	1,996,317,932
Net OPEB liability	\$ 38,014,515,883
Net position as a percentage of total OPEB liability	4.99%

Benefits Provided — TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents pay premiums to participate in the high-deductible health plans. Eligible non-Medicare retirees and their dependents may enroll in the TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

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

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

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

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

Contribution Rates		
	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2021 Fiscal Year Employer Contributions		\$ 28,974
District's 2021 Fiscal Year Member Contributions		19,061
NECE 2020 Measurement Year On-Behalf Contributions		40,343

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

Actuarial Assumptions — The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020, TRS pension actuarial valuation:

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

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

Additional Actuarial Methods and Assumptions:

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

Discount Rate — A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30% in the discount rate since the previous year. The Discount Rate can be found in the 2020 TRS ACFR on page 76. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

Sensitivity of the Net OPCB Liability:

Discount Rate Sensitivity Analysis — The following schedule shows the impact of the net OPEB liability if the discount rate used was one percentage point less than and one percentage point greater than the discount rate that was used (2.33%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's Proportionate share of the net OPEB liability	\$ 1,801,899	\$ 1,501,585	\$ 1,264,381

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

	1% Decrease	Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,226,603	\$ 1,501,585	\$ 1,867,823

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2021, O'Donnell Independent School District reported a liability of \$1,501,585 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 O'Donnell Independent School District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1,501,585
State's proportionate share that is associated with the District	<u>2,017,771</u>
Total	<u><u>\$ 3,519,356</u></u>

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

At August 31, 2020, the O'Donnell Independent School District's proportion of the collective net OPEB liability was 0.0039500316% compared to the 0.0040221315% as of August 31, 2019. This is a decrease of 0.0000720999%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation — The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period. These can be found in 2020 TRS ACFR on page 76.

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

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

For the year ended August 31, 2021, O'Donnell Independent School District recognized a reduction in OPEB expense of \$14,011 and a reduction in revenue of \$14,011 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 78,622	\$ 687,202
Changes in actuarial assumptions	92,617	412,343
Net difference between projected and actual investment earnings	488	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	406,279	40,328
Contributions paid to TRS subsequent to the measurement date	28,974	
Total	\$ 606,980	\$ 1,139,873

**O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

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

<u>Year Ended August 31:</u>	<u>OPEB Expense Amount</u>
2022	\$ (101,531)
2023	(101,596)
2024	(101,633)
2025	(101,623)
2026	(61,515)
Therafter	(93,969)

K. 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 Group Insurance Program to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The subsidy payments received by TRS-Care on behalf of the District were \$13,175 and \$12,355 for the years ended August 31, 2021, and 2020, respectively.

L. HEALTH CARE COVERAGE

During the year ended August 31, 2021, the employees of the O'Donnell Independent School District were covered by a health insurance plan (the plan) through the Teacher Retirement System of Texas (TRS-Active Care), an interlocal cooperative agreement. The District paid premiums of \$289 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the Teacher Retirement System of Texas. The plan was authorized by Article 3.50-7 of the Texas School Employees Uniform Group Health Coverage of the Texas Insurance Code and was documented by a contractual agreement. The latest financial statements for TRS-Active Care for the year ended December 31, 2020, are public records that are available and filed with the Texas State Board of Insurance, Austin, Texas.

The District also provides a dental health insurance plan. The District paid premiums of \$27 per month per employee to the dental health insurance plan.

The O'Donnell Independent School District established a flexible spending plan effective September 1, 1987. The plan consists of the following benefit plans: Child and Dependent Care Reimbursement Plan; Insurance Premium Payment Plan (medical, group-term life, disability and dental); Cash Benefit; and Medical Expense Reimbursement Plan. All full-time employees are eligible to participate in this plan.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

M. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For risks of loss for liability, workers' compensation, property insurance and unemployment compensation, the District participated in a public entity risk pool. The District continues to carry commercial insurance for all other risks of loss, including student insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three years.

Workers' Compensation Pool

During the year ended August 31, 2021, the O'Donnell Independent School District met its statutory workers' compensation obligations through participation in the Texas Association of School Board's Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher-than-expected claims cost through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2020, the Fund carries a discounted reserve of \$44,135,645 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2021, the Fund anticipates no additional liability to members beyond their 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 on August 31. The Fund's Board of Trustees accepts the audit in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available at the Texas Association of School Board's Risk Management Fund website and have been filed with the Texas State Board of Insurance in Austin.

Property/Liability Program

During the year ended August 31, 2021, the O'Donnell Independent School District participated in the following Texas Association School Boards, Inc. Risk Management Fund (the Fund) programs:

Auto physical damage and liability
Property

Legal liability
Privacy and information security

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

M. RISK MANAGEMENT — CONTINUED

Property/Liability Program - continued

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 the O'Donnell Independent School District 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 on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the Texas Association School Board's 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 O'Donnell Independent School District provided unemployment compensation coverage to its employees through participation in the Texas Association School Boards 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 obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool members. For the year ended August 31, 2021, the Fund anticipates that the O'Donnell Independent School District has no additional liability beyond the contractual obligation 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 on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available on the Texas Association of School Board's Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Total
Current property taxes	\$ 988,657	\$ 958,873	\$ 1,947,530
Delinquent property taxes	25,639	9,394	35,033
Penalties, interests and other related income	23,282	7,706	30,988
313 agreement revenue	52,450		52,450
Investment income	90,380	1,162	91,542
Food sales	10,902		10,902
Extracurricular activities	20,769		20,769
Rent	45,301		45,301
Gifts	1,200		1,200
Other	18,237		18,237
Total	<u>\$ 1,276,817</u>	<u>\$ 977,135</u>	<u>\$ 2,253,952</u>

O. GENERAL FUND FEDERAL REVENUE SOURCES

The following federal revenues were recorded through the General Fund:

Program or Source	Assistance Listing Number	Amount
National School Breakfast Program	10.553	\$ 88,657
National School Lunch - Cash Assistance	10.555	105,817
National School Lunch - Non-Cash Assistance	10.555	14,755
USDA Food Storage Delivery Fee Refund	10.555	7,652
ESSER Emergency Relief II - prior year expense	N/A	16,669
E-Rate	N/A	32,105
Texas Department of Emergency Management	N/A	8,050
Total		<u>\$ 273,705</u>

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

P. JOINT VENTURES/SHARED SERVICE ARRANGEMENTS

IDEA-B Formula and IDEA-B Preschool

The District participates in a shared services arrangement that provides funds to operate educational programs for children with disabilities with six other districts. In addition to the District, other members include Loop Independent School District, New Home Independent School District, Plains Independent School District, Seagraves Independent School District, Tahoka Independent School District and Wellman-Union Independent School District. Tahoka Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. Funds needed for joint expenses of the Four County Shared Service are provided by the member districts and accounted for by the fiscal agent. The amount provided to the Four County Shared Service is accounted for in Fund 199, Function 93.

Carl D. Perkins Career and Technical Basic Grant

O'Donnell Independent School District participates in a shared services arrangement for the Carl D. Perkins Career and Technical Basic Grant. These funds are granted to develop more fully the academic knowledge and technical and employability skills of secondary education students who elect to enroll in career and technical education programs. The Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. A detail of O'Donnell Independent School District's expenditures is reported in Fund 244.

Title III, Part A, English Language Acquisition and Language Enhancement

The District participates in a shared services arrangement for the English Language Acquisition and Language Enhancement Grant to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement.

Summer Food Service Program

The O'Donnell Independent School District participates in a joint venture for service provided by the South Plains Food Bank. This agreement allows the District to operate the Summer Food Service Program (SFSP) as an open site that will serve meals free of charge to local children even if they are not enrolled in the program. South Plains Food Bank, Inc. is the administrator for the program and is responsible for securing food, site monitoring and support and all financial activities of the joint venture. The District is responsible for staff to operate the Summer Food Service Program. The District's expenditures are reported in Fund 101.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2021

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

Q. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

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

Commitments Under Noncapitalized Leases

There are five copiers leased under a 5-year term agreement requiring monthly payments. The District continued the month-to-month lease for the postage meter that is not subject to minimum rentals. The District also rents miscellaneous maintenance equipment as needed that is not subject to minimum rentals.

Year Ending August 31,	
2022	\$ 9,421
2023	9,421
2024	9,421
2025	9,421
2026	3,926
	\$ 41,608
Rental Expenditures in Fiscal Year 2021	\$ 16,342

Other Commitments

The District has begun a portion of contract for the renovation of the football field to include the field, bleachers, press box and rest rooms. The commitment as of August 31, 2021 was as follows:

Description	Project Authorization	Expended to Date	Commitment	Required Further Financing
Football Field Renovation				
Southern Bleacher Company Inc	\$ 336,371	\$ 239,900	\$ 96,471	\$ -
	\$ 336,371	\$ 239,900	\$ 96,471	\$ -

R. SUBSEQUENT EVENTS

The District has evaluated events occurring after August 31, 2021 and through January 7, 2021, the date on which financial statements were available to be issued, for additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison – General Fund

**Schedule of the District's Proportionate Share of the Net Pension Liability –
Teacher Retirement System**

**Schedule of District Contributions for Pensions -
Teacher Retirement System of Texas**

**Schedule of District's Proportionate Share of the Net OPEB Liability –
Teacher Retirement System of Texas**

**Schedule of District Contributions for OPEB Liability –
Teacher Retirement System of Texas**

Notes to Required Supplementary Information

ODONNELL 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 Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,194,464	\$ 1,204,180	\$ 1,276,817	\$ 72,637
5800 State Program Revenues	2,989,050	2,989,050	3,096,024	106,974
5900 Federal Program Revenues	189,000	189,000	273,705	84,705
5020 Total Revenues	4,372,514	4,382,230	4,646,546	264,316
EXPENDITURES:				
Current:				
0011 Instruction	2,390,271	2,366,783	2,326,407	40,376
0012 Instructional Resources and Media Services	3,050	4,050	2,213	1,837
0013 Curriculum and Instructional Staff Development	30,375	30,375	5,863	24,512
0021 Instructional Leadership	76,047	76,547	26,259	50,288
0023 School Leadership	274,515	281,389	275,314	6,075
0031 Guidance, Counseling, and Evaluation Services	84,368	84,868	81,321	3,547
0033 Health Services	68,505	71,005	70,482	523
0034 Student (Pupil) Transportation	98,457	168,957	134,282	34,675
0035 Food Services	227,797	239,797	224,878	14,919
0036 Extracurricular Activities	420,658	415,658	386,350	29,308
0041 General Administration	269,850	270,350	256,907	13,443
0051 Facilities Maintenance and Operations	688,394	698,724	653,835	44,889
0052 Security and Monitoring Services	7,000	7,000	2,376	4,624
0053 Data Processing Services	313,278	304,778	293,634	11,144
0061 Community Services	-	12,000	4,882	7,118
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	551,500	294,727	256,773
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	125,000	125,000	117,612	7,388
0099 Other Intergovernmental Charges	60,000	60,000	38,229	21,771
6030 Total Expenditures	5,137,565	5,768,781	5,195,571	573,210
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(765,051)	(1,386,551)	(549,025)	837,526
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	5,500	4,500	(1,000)
7915 Transfers In	49,787	49,787	-	(49,787)
8911 Transfers Out (Use)	(49,787)	(49,787)	-	49,787
7080 Total Other Financing Sources (Uses)	-	5,500	4,500	(1,000)
1200 Net Change in Fund Balances	(765,051)	(1,381,051)	(544,525)	836,526
0100 Fund Balance - September 1 (Beginning)	4,404,790	4,404,790	4,404,790	-
3000 Fund Balance - August 31 (Ending)	\$ 3,639,739	\$ 3,023,739	\$ 3,860,265	\$ 836,526

ODONNELL 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

	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>
District's Proportion of the Net Pension Liability (Asset)	0.000020643%	0.000023415%	0.000020633%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,105,602	\$ 1,217,180	\$ 1,135,685
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,305,213	1,953,921	2,226,401
Total	<u>\$ 3,410,815</u>	<u>\$ 3,171,101</u>	<u>\$ 3,362,086</u>
District's Covered Payroll	\$ 2,898,457	\$ 2,628,158	\$ 2,559,456
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	38.14%	46.31%	44.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.000021097%	0.000021853%	0.000024058%	0.000015574%
\$ 674,562	\$ 825,774	\$ 850,418	\$ 416,003
1,416,554	1,615,670	1,412,488	1,248,918
<u>\$ 2,091,116</u>	<u>\$ 2,441,444</u>	<u>\$ 2,262,906</u>	<u>\$ 1,664,921</u>
\$ 2,616,380	\$ 2,494,650	\$ 2,316,289	\$ 2,302,267
25.78%	33.10%	36.71%	18.07%
82.17%	78.00%	78.43%	83.25%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 85,919	\$ 81,315	\$ 79,326
Contribution in Relation to the Contractually Required Contribution	85,919	81,315	79,326
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,932,456	\$ 2,898,457	\$ 2,628,158
Contributions as a Percentage of Covered Payroll	2.93%	2.81%	3.02%

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
\$	69,277	\$ 66,117	\$ 67,464	\$ 68,420
	69,277	66,117	67,464	68,420
\$	-	\$ -	\$ -	\$ -
\$	2,559,456	\$ 2,616,380	\$ 2,494,650	\$ 2,316,289
	2.71%	2.53%	2.70%	2.95%

ODONNELL 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	0.0000395%	0.000040221%	0.00003211%	0.000031787%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,501,585	\$ 1,902,115	\$ 1,603,259	\$ 1,382,289
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,017,771	2,527,486	2,105,785	2,006,009
Total	<u>\$ 3,519,356</u>	<u>\$ 4,429,601</u>	<u>\$ 3,709,044</u>	<u>\$ 3,388,298</u>
District's Covered Payroll	\$ 2,898,457	\$ 2,628,158	\$ 2,559,456	\$ 2,616,380
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	51.81%	72.37%	62.64%	52.83%
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.

ODONNELL 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	\$ 28,974	\$ 28,337	\$ 28,255	\$ 22,489
Contribution in Relation to the Contractually Required Contribution	28,974	28,337	28,255	22,489
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,932,456	\$ 2,898,457	\$ 2,628,158	\$ 2,559,456
Contributions as a Percentage of Covered Payroll	0.99%	0.98%	1.08%	0.88%

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.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

A. NOTES TO SCHEDULES FOR THE TEACHER RETIREMENT SYSTEM PENSION

Changes of Benefit Terms

In May 2019, the 86th Texas Legislature approved 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. The increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Changes of Assumptions

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

B. NOTES TO THE SCHEDULES FOR THE TEACHER RETIREMENT SYSTEM OTHER POST-EMPLOYMENT BENEFIT PLAN

Changes in Benefits

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

Changes in Assumptions

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

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

COMBINING SCHEDULES

Nonmajor Governmental Funds

Private Purpose Trust Funds

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

Data Control Codes	211 ESEA I, A Improving Basic Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	9,898	-	4,254	-
1000 Total Assets	<u>\$ 9,898</u>	<u>\$ -</u>	<u>\$ 4,254</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	9,613	-	4,254	-
2170 Due to Other Funds	285	-	-	-
2000 Total Liabilities	<u>9,898</u>	<u>-</u>	<u>4,254</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 9,898</u>	<u>\$ -</u>	<u>\$ 4,254</u>	<u>\$ -</u>

270 ESEA VI, Pt B Rural & Low Income	277 Coronavirus Relief Fund CARES	281 ESSER Emergency Relief II	282 ARP ESSER III	289 Other Federal Special Revenue Funds	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186	\$ 186
-	-	19,662	55,792	19,580	1,573	-	110,759
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,662</u>	<u>\$ 55,792</u>	<u>\$ 19,580</u>	<u>\$ 1,573</u>	<u>\$ 186</u>	<u>\$ 110,945</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,937	\$ 740	\$ 186	\$ 3,863
-	-	13,618	36,107	-	833	-	64,425
-	-	6,044	19,685	16,643	-	-	42,657
<u>-</u>	<u>-</u>	<u>19,662</u>	<u>55,792</u>	<u>19,580</u>	<u>1,573</u>	<u>186</u>	<u>110,945</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,662</u>	<u>\$ 55,792</u>	<u>\$ 19,580</u>	<u>\$ 1,573</u>	<u>\$ 186</u>	<u>\$ 110,945</u>

ODONNELL 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	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief
REVENUES:				
5800 State Program Revenues	\$ -	\$ -	\$ -	\$ -
5900 Federal Program Revenues	116,544	4,173	14,417	3,054
5020 Total Revenues	<u>116,544</u>	<u>4,173</u>	<u>14,417</u>	<u>3,054</u>
EXPENDITURES:				
Current:				
0011 Instruction	116,544	4,173	14,417	3,054
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	<u>116,544</u>	<u>4,173</u>	<u>14,417</u>	<u>3,054</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

270 ESEA VI, Pt B Rural & Low Income	277 Coronavirus Relief Fund CARES	281 ESSER Emergency Relief II	282 ARP ESSER III	289 Other Federal Special Revenue Funds	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,919	\$ -	\$ 11,919
45,282	-	22,955	55,792	29,580	-	-	291,797
45,282	-	22,955	55,792	29,580	11,919	-	303,716
22,342	-	22,955	53,509	10,000	1,833	1,004	249,831
-	-	-	-	-	5,886	-	5,886
-	-	-	-	10,000	-	-	10,000
-	-	-	-	1,140	-	-	1,140
22,940	-	-	-	-	-	-	22,940
-	-	-	-	-	4,200	-	4,200
-	-	-	2,283	-	-	-	2,283
-	-	-	-	5,503	-	-	5,503
-	-	-	-	2,937	-	-	2,937
45,282	-	22,955	55,792	29,580	11,919	1,004	304,720
-	-	-	-	-	-	(1,004)	(1,004)
-	-	-	-	-	-	1,004	1,004
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ODONNELL INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
AUGUST 31, 2021

	Glen Hopkins Memorial Scholarship	Bill Clopton Memorial Scholarship	Dwight Gleghorn Scholarship	Robyn Williams Scholarship
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for Scholarships	-	-	-	-
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Angie Harris Memorial Scholarship	O'Donnell ISD General Scholarship	Taking Flight Scholarship	Total Private Purpose Trust Funds
\$ -	\$ 4,020	\$ 90	\$ 4,110
-	4,020	90	4,110
-	4,020	90	4,110
<u>\$ -</u>	<u>\$ 4,020</u>	<u>\$ 90</u>	<u>\$ 4,110</u>

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

	Glen Hopkins Memorial Scholarship	Bill Clopton Memorial Scholarship	Dwight Gleghorn Scholarship	Robyn Williams Scholarship
ADDITIONS:				
Earnings from Temporary Deposits	\$ 2	\$ 2	\$ 2	\$ 1
Contributions, Gifts and Donations	1,230	-	-	-
Donations Received	-	-	-	-
Total Additions	1,232	2	2	1
DEDUCTIONS:				
Scholarships paid out	2,013	-	1,554	-
Other Deductions	-	1,462	-	1,045
Total Deductions	2,013	1,462	1,554	1,045
Change in Net Position	(781)	(1,460)	(1,552)	(1,044)
Net Position - September 1 (Beginning)	-	-	-	-
Prior Period Adjustment	781	1,460	1,552	1,044
Net Position - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

Angie Harris Memorial Scholarship	O'Donnell ISD General Scholarship	Taking Flight Scholarship	Total Private Purpose Trust Funds
\$ 2	\$ 152	\$ -	\$ 161
-	2,500	90	3,820
-	3,851	-	3,851
<u>2</u>	<u>6,503</u>	<u>90</u>	<u>7,832</u>
-	2,500	-	6,067
1,344	-	-	3,851
<u>1,344</u>	<u>2,500</u>	<u>-</u>	<u>9,918</u>
(1,342)	4,003	90	(2,086)
-	-	-	-
<u>1,342</u>	<u>17</u>	<u>-</u>	<u>6,196</u>
<u>\$ -</u>	<u>\$ 4,020</u>	<u>\$ 90</u>	<u>\$ 4,110</u>

REQUIRED TEA SCHEDULES

Schedule of Delinquent Taxes Receivable

Budgetary Comparison – Debt Service Fund

ODONNELL 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	\$ 519,565,660
2013	1.107100	0.000000	130,485,040
2014	1.170000	0.000000	247,973,960
2015	1.170000	0.400000	150,480,790
2016	1.170000	0.330000	114,426,340
2017	1.170000	0.330000	93,840,650
2018	1.110000	0.380000	96,846,420
2019	1.087800	0.350000	115,873,720
2020	1.015100	0.400000	95,364,680
2021 (School year under audit)	1.001400	0.380000	96,858,340
1000 TOTALS			

Assessed values for the 2015-2021 school years reflect the maintenance and operations values. In 2021, the value for debt service was \$248,247,200. The \$151,388,860 is due to a Chapter 313 Tax Incentive Agreement for a wind energy farm, which is provided an exemption to the appraised value of property for maintenance and operation portion of tax. The property remains fully taxable for the interest and sinking portion of the tax.

(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
\$ 7,736	\$ -	\$ 75	\$ -	\$ (122)	\$ 7,539
1,094	-	287	-	(17)	790
1,069	-	28	-	(17)	1,024
1,922	-	321	110	(24)	1,467
2,423	-	325	92	(39)	1,967
3,227	-	689	194	(22)	2,322
5,115	-	1,540	527	(22)	3,026
11,795	-	4,754	1,529	(22)	5,490
117,143	-	17,620	6,941	(24,937)	67,645
-	1,913,279	988,657	958,873	66,175	31,924
<u>\$ 151,524</u>	<u>\$ 1,913,279</u>	<u>\$ 1,014,296</u>	<u>\$ 968,266</u>	<u>\$ 40,953</u>	<u>\$ 123,194</u>

ODONNELL 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	\$ 937,185	\$ 937,185	\$ 977,135	\$ 39,950
5800 State Program Revenues	4,000	4,000	6,774	2,774
5020 Total Revenues	941,185	941,185	983,909	42,724
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	595,000	595,000	593,000	2,000
0072 Interest on Long-Term Debt	396,501	397,501	396,355	1,146
0073 Bond Issuance Cost and Fees	-	1,000	2,700	(1,700)
6030 Total Expenditures	991,501	993,501	992,055	1,446
1200 Net Change in Fund Balances	(50,316)	(52,316)	(8,146)	44,170
0100 Fund Balance - September 1 (Beginning)	407,938	407,938	407,938	-
3000 Fund Balance - August 31 (Ending)	\$ 357,622	\$ 355,622	\$ 399,792	\$ 44,170

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

NEWBERRY LEONARD HORTON & BAIRRINGTON
A DIVISION OF BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

ROBERT S WILTON
(1912-2006)
R. D. NEWBERRY
SCOTT L LEONARD
KARLA K HORTON
KIM BAIRRINGTON

611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542
EMAIL: cpas@lamesacpas.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants



January 7, 2022

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

Board of School Trustees
O'Donnell Independent School District
Post Office Box 487
O'Donnell, Texas 79351

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 the O'Donnell Independent School District, O'Donnell, Texas as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the O'Donnell Independent School 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 O'Donnell Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the O'Donnell Independent School District's internal control.

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

Our consideration of internal control over financial reporting 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 O'Donnell Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


Newberry Leonard Horton & Bairrington

O'DONNELL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2021

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of O'Donnell Independent School District.
2. There were no significant deficiencies or material weaknesses disclosed during the audit of the financial statements that are reported in the 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.
3. No instances of noncompliance material to the financial statements of O'Donnell Independent School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no significant deficiencies in internal controls or noncompliance.

STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE

There were no prior year findings or questioned costs.

CORRECTIVE ACTION PLAN

The person responsible for corrective action is Dr. Catherine Y. Palmer, Superintendent. Procedures continue to be implemented to assure the District has no significant deficiencies in internal controls or noncompliance.