BORGER INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

Brown, Graham & Company, P.C.
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BORGER INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

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CERTIFICATE OF BOARD

BORGER INDEPENDENT SCHOOL DISTRICT	**HUTCHINSON**	**117-901**
Name of School District	County	Co-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) __X__ approved ___ disapproved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on the__9th__ day of December, 2021.

______________________________ Signature Board Secretary

______________________________ Signature of Board President

UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION INCLUDING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

Board of Trustees
Borger Independent School District
Borger, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Borger Independent School District (the "District") as of August 31, 2021, and for the year then ended, 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

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

Auditor's Responsibility

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

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

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

Board of Trustees
Borger Independent School District
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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, and the aggregate remaining fund information of Borger Independent School District as of August 31, 2021, and the respective changes in financial position for the year then ended in conformity 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 6 through 11, the budgetary comparison information on page 73, and the pension and OPEB schedules and related notes on pages 74 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the audit requirements of Title 2 United States Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is not a required part of the basic financial statements. The required Texas Education Agency ("TEA") schedules listed in the table of contents are likewise presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is 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 December 9, 2021 on our consideration of the 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 and 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 the District's internal control over financial reporting and compliance.

Emphasis of a Matter

As discussed in Notes II (U) and (AA) to the financial statements, during the year ended August 31, 2021, the District adopted a new accounting pronouncement, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note II (Y) to the financial statements and in the Management's Discussion and Analysis, the District may have been negatively impacted by the effects of the worldwide COVID-19, pandemic. The District's management and Board of Trustees continue to monitor its operations in response to the uncertainty of this situation. The full extent of the impact of this event on the District's financial position is not known as of the date of this report. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Brown, Graham & Company, P.C.

Amarillo, Texas
December 9, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021

In this section of the Annual Financial Report, we, the administrators of Borger Independent School District (the "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 auditor's report and the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (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 and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (Exhibits C-1 to C-4) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The fiduciary statements (Exhibits E-1 and E-2) provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

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.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by the Texas Education Agency (the "TEA"). The sections labeled Required TEA Schedules and Reports on Compliance, Internal Controls and Federal Awards contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The primary analysis of the District's overall financial condition and operations begins at Exhibit A-1. The purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of August 31, 2021, while the Statement of Activities on Exhibit B-1 includes all the revenues and expenses generated by the District's operations during the fiscal year ended August 31, 2021. These financial statements are prepared using the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current 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 net position. The District's net position (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has one activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin at Exhibit C-1 and 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 the Elementary and Secondary Education Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds, governmental and fiduciary, use different accounting approaches.

- Governmental funds - Most of the District's basic services are reported in governmental funds. These funds 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. The financial statements for the governmental funds and the reconciliation schedules can be found on Exhibits C-1 through C-4.

- Fiduciary funds - The District uses fiduciary funds to account for the resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary funds use the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period when they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. The financial statements for the fiduciary funds can be found on Exhibits E-1 and E-2.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities including a few scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Fund Net Position on 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 slightly from $6,737,328 to $6,710,043. The District's total assets had a slight decrease of $410,217 from the prior year. The District's long-term liabilities decreased by $3,687,533, which was due primarily to the current year's bond payments and the changes in the District's pension and OPEB liabilities as discussed in Notes II(K) and II(M) respectively. Unrestricted net position – the portion 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 – was ($9,958,186) on August 31, 2021.

TABLE I
NET POSITION

	Governmental Activities 2021	Governmental Activities 2020
Current and other assets	$ 14,659,071	$ 15,733,709
Capital assets	81,325,235	80,660,814
Total assets	95,984,306	96,394,523
Deferred outflows of resources	4,566,625	5,851,248
Other liabilities	3,556,800	2,488,714
Long-term liabilities	82,643,442	87,399,061
Total liabilities	86,200,242	89,887,775
Deferred inflows of resources	7,640,646	5,620,668
Net position:		
Net investment in capital assets	13,898,627	11,531,219
Restricted net position	2,769,602	4,361,015
Unrestricted net position	(9,958,186)	(9,154,906)
Total net position	$ 6,710,043	$ 6,737,328

TABLE II
CHANGES IN NET POSITION

	Governmental Activities 2021	Governmental Activities 2020
Revenues:		
Program Revenues:		
Charges for services	$ 1,833,749	$ 1,816,893
Operating grants and contributions	6,247,061	6,823,622
General Revenues:		
Maintenance and operation taxes	5,851,536	5,978,694
Debt service taxes	3,883,810	3,974,466
State aid - formula grants	15,855,535	15,481,542
Investment earnings	8,884	172,589
Miscellaneous	481,366	509,592
Total revenues	34,161,941	34,757,398
Expenses:		
Instruction, curriculum and media services	18,764,575	19,695,171
Instructional and school leadership	1,496,396	1,535,624
Student support services	1,470,903	1,696,772
Transportation	683,332	683,385
Food services	1,088,910	1,266,196
Extracurricular activities	1,424,246	1,448,463
General administration	1,188,506	1,088,691
Facilities maintenance, security, and data processing	3,234,311	3,106,689
Community services	24,330	15,503
Debt service	2,471,461	2,503,585
Capital outlay	-	3,469
Payments related to shared service arrangements	2,275,076	2,433,459
Other intergovernmental charges	139,048	138,680
Total expenses	34,261,094	35,615,687
Change in net position	(99,153)	(858,289)
Net position at beginning of year	6,737,328	7,595,617
Prior period adjustment (Implementation of GASB 84)	71,868	-
Net position at beginning of year, as restated	6,809,196	7,595,617
Net position at end of year	$ 6,710,043	$ 6,737,328

The cost of all governmental activities this year was $34,261,094 compared to $35,615,687 last year. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through taxes was $9,735,346. Some of the costs, $1,833,749, were paid by those who directly benefited from the programs. Other governments and organizations subsidized certain programs with grants and contributions in the amount of $6,247,061, and state equalization funding provided $15,855,535 to be used to support the District's operations. Taxable property values within the District decreased from the prior year as well as the District's tax rates, which resulted in the District's tax revenues decreasing by $217,814 from the prior year. The District's miscellaneous and investment revenues decreased by $191,931 from the prior year. The District received a $283,319 payment under a limited assessed valuation agreement in the current year compared to the prior year in which a $277,867 payment was received. More information on this agreement can be found in Note II(X) in the notes to the financial statements.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the Balance Sheet – Governmental Funds on Exhibit C-1) reported a combined fund balance of $10,675,691, which is a decrease of $2,188,306 from last year's total fund balance of $12,863,997. Included in this year's total change in fund balance are a decrease of $2,734,638 in the District's General Fund, an increase of $377,882 in the Capital Projects Fund, a decrease of $116,065 in the District’s Debt Service Fund, and an overall increase in the non-major governmental funds of $284,515 which includes an increase of $71,868 coming from the implementation of new accounting standards that impacted how the District accounts for activities formerly accounted for in an agency fund that are now being reported in a special revenue fund. Most of the decrease in the District’s governmental fund balance was due to capital expenditures in the amount of $2,750,935 for various construction projects discussed in Note II(G). The District’s General Fund revenues were $41,593 lower than in the prior year. The District’s General Fund expenditures increased by $726,903 from the prior year, with most of the increase being in the student transportation category.

The Board of Trustees revised the budget for the District’s General Fund several times during the fiscal year. These amendments included adjustments among functions; to add for transfers out to other funds during the year and to increase budgeted expenditures for various categories. The overall amendments to the expenditures increased the overall expenditures budgeted compared to what was estimated in the originally adopted budget by $91,310 with most of the increase being in the facilities maintenance category.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had $81,325,235 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance, net of accumulated depreciation. The District acquired capital assets in the amount of $2,750,935 and recorded $2,086,514 in depreciation expense during the year. The District has accumulated $639,395 in expenditures reported as construction in progress as of August 31, 2021 as discussed in more detail in Notes II(G) and II(AB) to the financial statements.

Debt

At year-end, the District had $63,766,811 in bonds outstanding versus $65,246,811 last year – a decrease of $1,480,000 or 2.27%. The decrease was attributable to the current year’s principal payments on bonds. More information on the District’s long-term debt can be found in Note II(H) to the financial statements.

Pension Accounting and Reporting

During previous years the District implemented GASB Statement Numbers 68, 71 and 75. These GASB statements significantly changed how governmental entities account for and report pension and other post employment (“OPEB”) activity. Notes II(K) and II(M) in the notes to the financial statements have a detail discussion of how these GASB Statements impact the District’s financial statements for the year ended August 31, 2021.

IMPLEMENTATION OF GASB 84

During the year ended August 31, 2021, the District implemented GASB Statement No.84, *Fiduciary Activities*. This GASB statement changed how governmental entities account for and report ficuiary fund activity. Notes II(U) and II(AA) in the notes to the financial statements include a detailed discussion of how the implementation of this GASB statement impacts the District’s financial statements for the year ended August 31, 2021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2022 budget and tax rates. Changes implemented under current legislation remain a major consideration due to the restrictions on the use of funds, as well as the uncertainty of future formulas used for state funding. In addition, the current status of the national economy with fluctuations in interest rates and increased prices for goods or services, along with the sluggish local economy were also considered. The District's population growth remained flat during 2020-2021 and is expected to continue for 2021-2022.

The maintenance and operations tax rate was decreased to $0.9364 per $100 valuation and the interest and sinking tax rate remained the same at $0.4129 per $100 valuation. These indicators were taken into account when adopting the General Fund budget for 2022. Amounts available for appropriation in the General Fund are $22,600,267, a decrease of $1,713,207 from the final 2021 budget of $24,313,474. Property tax, state payments, and grant revenues account for 99% of the total revenue. The District will use its revenues to finance programs we currently offer. The District has not added any major new programs or initiatives to the 2022 budget. Budgeted expenditures for 2022 are expected to be $22,600,267, which is $1,168,962 lower than the $23,769,229 of actual expenditures for 2021. If these estimates are realized, the District's budgetary General Fund balance is expected to remain stable by the close of 2022. More importantly, however, this will have been accomplished in spite of unfunded mandates.

EFFECTS OF THE COVID-19 PANDEMIC

The District continues to be impacted by the effects of the COVID-19 Pandemic, although we were able to return to in-class learning during the year ended August 31, 2021. Looking ahead to fiscal year 2022 and the future, the District's administration realizes the negative impact of the pandemic may extend to effect the District's funding both through collection of local property taxes as well as state funding received from the Texas Education Agency. These factors were considered when approving the budget for the 2021-2022 school year. Additional discussion about the District's assessment of the impact that COVID-19 has had on the District's operations can be found in Note II (Y) to the financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to 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 Borger Independent School District, P.O. Box 1177, Borger, Texas 79008-1177.

Borger Independent School District

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A-1

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

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 12,983,051
1220	Property Taxes - Delinquent	947,259
1230	Allowance for Uncollectible Taxes	(407,321)
1240	Due from Other Governments	854,738
1290	Other Receivables, Net	88,075
1300	Inventories	186,545
1410	Prepayments	6,724
	Capital Assets:	
1510	Land	334,576
1520	Buildings, Net	78,774,745
1530	Furniture and Equipment, Net	715,338
1540	Other Capital Assets, Net	861,181
1580	Construction in Progress	639,395
1000	Total Assets	95,984,306
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred Charge for Refunding	796,801
1705	Deferred Outflow Related to TRS Pension	2,456,361
1706	Deferred Outflow Related to TRS OPEB	1,313,463
1700	Total Deferred Outflows of Resources	4,566,625
	LIABILITIES	
2110	Accounts Payable	943,364
2140	Interest Payable	113,358
2150	Payroll Deductions and Withholdings	188,623
2160	Accrued Wages Payable	1,137,519
2180	Due to Other Governments	1,124,812
2200	Accrued Expenses	36,499
2300	Unearned Revenue	12,625
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	1,525,000
	Due in More than One Year:	
2502	Bonds, Notes, Leases, etc.	67,041,174
2540	Net Pension Liability (District's Share)	6,667,870
2545	Net OPEB Liability (District's Share)	7,409,398
2000	Total Liabilities	86,200,242
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS Pension	1,613,999
2606	Deferred Inflow Related to TRS OPEB	6,026,647
2600	Total Deferred Inflows of Resources	7,640,646
	NET POSITION	
3200	Net Investment in Capital Assets	13,898,627
	Restricted:	
3820	Restricted for Federal and State Programs	1,280,668
3850	Restricted for Debt Service	1,488,019
3890	Restricted for Other Purposes	915
3900	Unrestricted	(9,958,186)
3000	Total Net Position	$ 6,710,043

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

EXHIBIT B-1

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

Data Control Codes		1 Expenses	Program Revenues: 3 Charges for Services	Program Revenues: 4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: 6 Primary Gov. Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 17,676,612	$ 766,043	$ 3,098,204	$ (13,812,365)
12	Instructional Resources and Media Services	408,060	4,479	25,464	(378,117)
13	Curriculum and Instructional Staff Development	679,903	160,472	42,168	(477,263)
21	Instructional Leadership	115,006	-	32,473	(82,533)
23	School Leadership	1,381,390	498	105,517	(1,275,375)
31	Guidance, Counseling, and Evaluation Services	1,099,066	673,983	30,055	(395,028)
32	Social Work Services	23,475	-	1,168	(22,307)
33	Health Services	348,362	-	27,634	(320,728)
34	Student (Pupil) Transportation	683,332	-	39,919	(643,413)
35	Food Services	1,088,910	89,229	923,034	(76,647)
36	Extracurricular Activities	1,424,246	104,091	68,520	(1,251,635)
41	General Administration	1,188,506	16,047	56,410	(1,116,049)
51	Facilities Maintenance and Operations	2,729,692	18,907	194,398	(2,516,387)
52	Security and Monitoring Services	10,353	-	-	(10,353)
53	Data Processing Services	494,266	-	20,748	(473,518)
61	Community Services	24,330	-	1,695	(22,635)
72	Debt Service - Interest on Long-Term Debt	2,457,380	-	-	(2,457,380)
73	Debt Service - Bond Issuance Cost and Fees	14,081	-	-	(14,081)
81	Capital Outlay	-	-	49,979	49,979
93	Payments Related to Shared Services Arrangements	2,275,076	-	1,529,675	(745,401)
99	Other Intergovernmental Charges	139,048	-	-	(139,048)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 34,261,094	$ 1,833,749	$ 6,247,061	(26,180,284)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	5,851,536
DT	Property Taxes, Levied for Debt Service	3,883,810
SF	State Aid - Formula Grants	15,855,535
IE	Investment Earnings	8,884
MI	Miscellaneous Local and Intermediate Revenue	481,366
TR	Total General Revenues	26,081,131
CN	Change in Net Position	(99,153)
NB	Net Position - Beginning	6,737,328
PA	Prior Period Adjustment - GASB 84 Implementation	71,868
NE	Net Position - Ending	$ 6,710,043

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

FUND FINANCIAL STATEMENTS

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

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
	ASSETS			
1110	Cash and Cash Equivalents	$ 8,464,025	$ 1,717,226	$ 2,727,625
1220	Property Taxes - Delinquent	694,852	252,407	-
1230	Allowance for Uncollectible Taxes	(298,786)	(108,535)	-
1240	Due from Other Governments	44,785	1,161	-
1260	Due from Other Funds	520,717	67,599	-
1290	Other Receivables	35,279	14,285	-
1300	Inventories	171,728	-	-
1410	Prepayments	6,724	-	-
1000	Total Assets	$ 9,639,324	$ 1,944,143	$ 2,727,625
	LIABILITIES			
2110	Accounts Payable	$ 11,339	$ -	$ 921,315
2150	Payroll Deductions and Withholdings Payable	188,623	-	-
2160	Accrued Wages Payable	879,731	-	-
2170	Due to Other Funds	1,523,763	-	-
2180	Due to Other Governments	988,868	-	-
2200	Accrued Expenditures	24,864	-	-
2300	Unearned Revenue	6,210	-	-
2000	Total Liabilities	3,623,398	-	921,315
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	396,066	143,872	-
2600	Total Deferred Inflows of Resources	396,066	143,872	-
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	171,728	-	-
3430	Prepaid Items	6,724	-	-
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	1,800,271	-
3490	Other Restricted Fund Balance	915	-	-
	Committed Fund Balance:			
3510	Construction	-	-	1,806,310
3545	Other Committed Fund Balance	-	-	-
3600	Unassigned Fund Balance	5,440,493	-	-
3000	Total Fund Balances	5,619,860	1,800,271	1,806,310
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 9,639,324	$ 1,944,143	$ 2,727,625

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

Other Funds	Total Governmental Funds
$ 74,175	$ 12,983,051
-	947,259
-	(407,321)
808,792	854,738
1,456,163	2,044,479
38,511	88,075
14,817	186,545
-	6,724
$ 2,392,458	$ 16,703,550
$ 10,710	$ 943,364
-	188,623
257,788	1,137,519
520,716	2,044,479
135,944	1,124,812
11,635	36,499
6,415	12,625
943,208	5,487,921
-	539,938
-	539,938
14,817	186,545
-	6,724
1,265,851	1,265,851
-	1,800,271
-	915
-	1,806,310
168,582	168,582
-	5,440,493
1,449,250	10,675,691
$ 2,392,458	$ 16,703,550

BORGER 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	$	10,675,691
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 $103,192,861 and the accumulated depreciation was $22,532,047. In addition, long-term liabilities, including bonds payable in the amount of $65,246,811, unamortized bond premiums in the amount of $4,805,683, unamortized deferred charges on bond refundings in the amount of $922,899, and accreted interest on capital appreciation bonds in the amount of $269,710 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 and the related accounts in the governmental activities is to increase net position.		11,261,509
2 Current year capital outlays in the amount of $2,750,935 and long-term debt principal payments in the amount of $1,480,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase net position.		4,230,935
3 The 2021 depreciation expense increases accumulated depreciation. The effect of the current year's depreciation is to decrease net position.		(2,086,514)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a deferred resource outflow in the amount of $3,409,123, a deferred resource inflow in the amount of $1,285,239 and a net pension liability in the amount of $7,490,317. The impact of this on net position is a decrease of $5,366,433. Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of $459,075. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of $5,825,508.		(5,825,508)
5 Also included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefits liability required by GASB 75. At the beginning of the year, the net position related to TRS was a deferred resource outflow in the amount of $1,519,226, a deferred resource inflow in the amount of $4,335,429 and a net OPEB liability in the amount of $9,586,540. The impact of this on net position is a decrease of $12,402,743. Changes from the current year reporting of the TRS plan resulted in a increase in net position in the amount of $280,161. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of $12,122,582.		(12,122,582)
6 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 in the amount of $539,938 and recognizing the liabilities associated with maturing long-term debt and interest in the amount of $36,574. The net effect of these reclassifications and recognitions is to increase net position.		576,512
19 **Net Position of Governmental Activities**	$	6,710,043

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

12.01.21 DRAFT - FOR MANAGEMENT REVIEW PURPOSES ONLY

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

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 6,076,138	$ 3,910,135	$ 647
5800	State Program Revenues	17,154,750	77,243	-
5900	Federal Program Revenues	117,884	-	-
5020	Total Revenues	23,348,772	3,987,378	647
	EXPENDITURES:			
	Current:			
0011	Instruction	13,570,261	-	-
0012	Instructional Resources and Media Services	365,208	-	-
0013	Curriculum and Instructional Staff Development	486,539	-	-
0021	Instructional Leadership	78,529	-	-
0023	School Leadership	1,242,390	-	-
0031	Guidance, Counseling, and Evaluation Services	436,830	-	-
0032	Social Work Services	21,362	-	-
0033	Health Services	313,783	-	-
0034	Student (Pupil) Transportation	1,040,754	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	1,270,442	-	-
0041	General Administration	1,077,604	-	-
0051	Facilities Maintenance and Operations	2,445,458	-	-
0052	Security and Monitoring Services	9,618	-	-
0053	Data Processing Services	454,797	-	-
0061	Community Services	22,272	-	-
	Debt Service:			
0071	Principal on Long-Term Debt	-	1,480,000	-
0072	Interest on Long-Term Debt	-	2,609,362	-
0073	Bond Issuance Cost and Fees	-	14,081	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	50,866	-	2,222,765
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	743,468	-	-
0099	Other Intergovernmental Charges	139,048	-	-
6030	Total Expenditures	23,769,229	4,103,443	2,222,765
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(420,457)	(116,065)	(2,222,118)
	OTHER FINANCING SOURCES (USES):			
7912	Sale of Real and Personal Property	2,500	-	-
7915	Transfers In	-	-	2,600,000
7949	Other Resources	283,319	-	-
8911	Transfers Out (Use)	(2,600,000)	-	-
7080	Total Other Financing Sources (Uses)	(2,314,181)	-	2,600,000
1200	Net Change in Fund Balances	(2,734,638)	(116,065)	377,882
0100	Fund Balance - September 1 (Beginning)	8,354,498	1,916,336	1,428,428
1300	Prior Period Adjustment - GASB 84 Implementation	-	-	-
3000	Fund Balance - August 31 (Ending)	$ 5,619,860	$ 1,800,271	$ 1,806,310

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

Other Funds	Total Governmental Funds
$ 1,790,807	$ 11,777,727
332,772	17,564,765
4,097,422	4,215,306
6,221,001	33,557,798
2,567,622	16,137,883
8,634	373,842
134,212	620,751
27,151	105,680
17,377	1,259,767
572,958	1,009,788
-	21,362
4,307	318,090
-	1,040,754
996,405	996,405
35,944	1,306,386
13,377	1,090,981
98,759	2,544,217
-	9,618
-	454,797
-	22,272
-	1,480,000
-	2,609,362
-	14,081
-	2,273,631
1,531,608	2,275,076
-	139,048
6,008,354	36,103,791
212,647	(2,545,993)
-	2,500
-	2,600,000
-	283,319
-	(2,600,000)
-	285,819
212,647	(2,260,174)
1,164,735	12,863,997
71,868	71,868
$ 1,449,250	$ 10,675,691

BORGER INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

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

Total Net Change in Fund Balances - Governmental Funds	$	(2,260,174)
Current year capital outlays in the amount of $2,750,935 and long-term debt principal payments in the amount of $1,480,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase net position.		4,230,935
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current year's depreciation is to decrease net position.		(2,086,514)
Pension expenditures on the fund financial statements are recognized on the modified accrual basis of accounting; however, on the government-wide financial statements, pension expense is reported on the accrual basis of accounting in accordance with GASB 68 as amended. Differences occur as the result of timing of when pension contributions are made verses when they are recognized, as well as the result of changes in assumptions, differences between projected and actual earnings, differences between expected and actual actuarial experience, etc. The net effect on reporting pension expense in accordance with GASB 68 as amended is to decrease the change in net position.		(459,075)
Other post-employment benefit expenditures on the fund financial statements are recognized on the modified accrual basis of accounting; however, on the government-wide financial statements, other post-employment benefit expense is reported on the accrual basis of accounting in accordance with GASB 75. Differences occur as the result of timing of when other post-employment benefit contributions are made verses when they are recognized, as well as the result of changes in assumptions, differences between projected and actual earnings, differences between expected and actual actuarial experience, etc. The net effect of reporting other post-employment benefit expense in accordance with GASB 75 is to increase the change in net position.		280,161
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 which increased the change in net position in the amount of $43,532 and recognizing the liabilities associated with maturing long-term debt and interest which increase the change in net postion in the amount of $151,982. The net effect of these reclassifications and recognitions is to increase net position.		195,514
Change in Net Position of Governmental Activities	$	(99,153)

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

EXHIBIT E-1

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

	Private Purpose Trust Funds	Custodial Fund
ASSETS		
Cash and Cash Equivalents	$ 9,536	$ 34,087
Total Assets	9,536	$ 34,087
NET POSITION		
Restricted for Scholarships	9,536	-
Restricted for Other Purposes	-	34,087
Total Net Position	$ 9,536	$ 34,087

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

BORGER 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	$ -	$ 29,640
Earnings from Temporary Deposits	1	-
Contributions, Gifts and Donations	4,850	-
Total Additions	4,851	29,640
DEDUCTIONS:		
Other Deductions	2,550	36,014
Total Deductions	2,550	36,014
Change in Fiduciary Net Position	2,301	(6,374)
Total Net Position - September 1 (Beginning)	7,235	-
Prior Period Adjustment - GASB 84 Implementation	-	40,461
Total Net Position - August 31 (Ending)	$ 9,536	$ 34,087

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

NOTES TO THE FINANCIAL STATEMENTS

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Significant Accounting Policies:

Borger Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board ("GASB") and other authoritative sources identified in *Codification of Statements on Auditing Standards* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's ("TEA") *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

Because the Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters, the District is not included in any other governmental financial reporting entity as defined by the GASB in its *Codification of Government 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 complies with the requirements of these funding source entities.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with the applicable interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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 tuition paid by students not residing in the District, school lunch charges, etc. 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. Examples include 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.

Interfund activities between governmental funds appear as due to/due from on the Balance Sheet – Governmental Funds and as other resources and other uses on the governmental funds statement of revenues, expenditures and changes in fund balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. If present, interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental 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 may consider some governmental funds major and report their financial condition and results of operations in a separate column.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Significant Accounting Policies (continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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, deferred outflows of resources, current liabilities, deferred inflows of resources and fund balances are included on the Balance Sheet – Governmental Funds. Operating statements of these funds present net increases and decreases in current assets and current liabilities (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 fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collected within 60 days after year end except for State funding formula grants which are recognized based upon funding formulas approved by the Texas Legislature and the TEA.

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. 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 unearned revenues 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.

D. Fund Accounting

The District reports the following major governmental funds:

The General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued)

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

Capital Projects Fund – The District accounts for financial resources to be used for the acquisition or construction of major capital facilities in the Capital Projects Fund. Typically, these projects are financed through the issuance of bonds.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by a grantor in Special Revenue Funds. Most Federal and some State financial assistance are accounted for in Special Revenue Funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

Custodial Funds - The District accounts for resources held for others in a custodial capacity in Custodial Funds. The District's Custodial Fund is the Student Activity Fund. The student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that the principal be expended for a specific purpose in Private Purpose Trust Funds. The District's Private Purpose Trust Funds are all Scholarship Funds.

E. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, the Child Nutrition Program (which is included in the Special Revenue Funds) and the Debt Service Fund. At a minimum, the District is required to present the adopted and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for these three funds. These comparisons are on Exhibits G-1, J-2 and J-3, respectively.

The following procedures are followed in establishing the budgetary data reflected in the basic 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.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Significant Accounting Policies (continued):

E. Budgetary Data (continued)

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. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

4. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances were all cancelled.

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

F. Other Accounting Policies

1. The Data Control Codes refer to the account code structure prescribed by TEA’s Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a State-wide database for policy development and funding plans.

2. The amounts on the financial statements have been rounded individually; consequently, some columns may not total and some schedules may not agree because of this rounding.

3. The District records purchases of supplies as expenditures. If a material amount of supplies is on hand at the end of the year, their total cost is recorded as inventory and reported as nonspendable fund balance for the same amount. At August 31, 2021, the amount of supplies on hand reported as inventory and nonspendable fund balance was $186,545.

4. The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Significant Accounting Policies (continued):

F. Other Accounting Policies (continued)

6. Employees of the District are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The District's policy is to recognize the costs of compensated absences when actually paid to employees.

7. Capital assets, which include land, buildings, furniture and equipment, are reported 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 assets lives are not capitalized. Outlays for construction projects and improvements are capitalized and depreciated as projects are completed. Buildings, furniture, equipment and vehicles of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	8-50
Furniture and equipment	5-20
Vehicles	8-12

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

9. The fiduciary net position of the Texas Public School Retired Employees Group Insurance Program (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 other post-employment benefit (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.

10. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

11. The District administers endowed scholarship funds. The net position of these funds is restricted to payment of future scholarships.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Significant Accounting Policies (continued):

F. Other Accounting Policies (continued)

12. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. If material, bond premiums and discounts as well as gains or losses on bond refundings are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the year paid on the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as an expense in the year incurred on the fund financial statements.

13. In addition to assets, the Statement of Net Position includes 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported $2,456,361 of deferred outflows pertaining to its pension plan as discussed in more detail in Note II(K), $1,313,463 of deferred outflows pertaining to its OPEB plan as discussed in more detail in Note II(M) and $796,801 of deferred outflows for deferred charges on bond refundings discussed in Note II(H). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the repayment period of the refunded or refunding debt.

14. In addition to liabilities, the Statement of Net Position includes 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 a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. The District reported $1,613,999 of deferred inflows pertaining to its pension plan as discussed in more detail in Note II(K) and $6,026,647 of deferred inflows pertaining to its OPEB plan as discussed in Note II(M). In addition, the District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue from property taxes in the amount of $539,938 is reported only on the Balance Sheet - Governmental Funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

15. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

I. Summary of Significant Accounting Policies (continued):

F. Other Accounting Policies (continued)

16. On the government-wide financial statements, the District's net investment in capital assets and restricted net position are as follows:

Net Investment in Capital Assets:		
Land	$	334,576
Buildings, net		78,774,745
Furniture and equipment, net		715,338
Vehicles, net		861,181
Construction in progress		639,395
Deferred charge for bond refunding		796,801
Bonds payable and unamortized bond premiums		(68,223,409)
Net investment in capital assets	$	13,898,627
Restricted for Federal and State Programs:		
Cash and cash equivalents	$	100
Due from other funds		1,361,474
Due from other governments		84,387
Inventories		14,817
Accounts payable and accrued expenses		(132,032)
Due to other governments		(35,430)
Due to other funds		(6,233)
Unearned revenue		(6,415)
Net position restricted for federal and state programs	$	1,280,668
Restricted for Debt Service:		
Cash and cash equivalents	$	1,717,226
Property taxes receivable, net		143,872
Other receivables		14,285
Due from other governments		1,161
Due from other funds		67,599
Accrued /accreted interest payable		(456,124)
Net position restricted for debt service	$	1,488,019
Restricted for Other Purposes:		
Cash and cash equivalents	$	915

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. 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) (the "Act") contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. 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. That policy addresses the following risks:

a. Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District is not exposed to custodial credit risk for its deposits as all are covered by depository insurance and pledged securities.

b. Interest-rate Risk - Interest rate risk arises from investments in debt instruments and is defined as "the risk that changes in interest rates will adversely affect the fair value of an investment." The District has a policy of investing in investment pools and certificates of deposit and, consequently, has no substantial interest-rate risk.

c. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments include interest bearing accounts that are covered by depository insurance and pledged securities. Investments in the TexSTAR and Lone Star investment pools are on demand investments with AAAm credit quality ratings. Investments are carried at cost, which approximates market. The District's investments are included in cash and cash equivalents on the financial statements.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

A. Deposits and Investments (continued)

As of August 31, 2021, the District's investments in accounts other than interest bearing accounts at the District's depository bank consisted of the following which are valued at cost, which approximates market:

Type	Standard & Poor's Rating	Carrying Amount
Fund Financial Statements:		
TexSTAR	AAAm	$ 249,459
Lone Star	AAAm	11,455,516
Total Investments		$ 11,704,975

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes receivable within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. Interfund Balances and Transfers

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances at August 31, 2021, consisted of the following amounts in the fund financial statements:

Due to General Fund from:	
Nonmajor Governmental Funds	$ 520,717
Due to Debt Service Fund from:	
General Fund	$ 67,599
Due to Nonmajor Governmental Funds from:	
General Fund	$ 1,456,163

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

D. Interfund Balances and Transfers (continued)

During the year ended August 31, 2021, the District transferred $2,600,000 from the General Fund to the Capital Projects Fund to provide additional funding for various capital projects.

E. Disaggregation of Receivables and Payables

Receivables in the fund financial statements at August 31, 2021, were as follows:

	Property Taxes	Due from Other Governments	Due From Other Funds	Other Receivables	Total Receivables
Governmental Activities:					
General Fund	$ 694,852	$ 44,785	$ 520,717	$ 35,279	$ 1,295,633
Debt Service Fund	252,407	1,161	67,599	14,285	335,452
Nonmajor Governmental Funds	-	808,792	1,456,163	38,511	2,303,466
Total - Governmental Activities	$ 947,259	$ 854,738	$ 2,044,479	$ 88,075	$ 3,934,551
Amounts not scheduled for collection during the subsequent year	$ 407,321	$ -	$ -	$ -	$ 407,321

Payables in the fund financial statements at August 31, 2021, were as follows:

	Accounts Payable and Accrued Expenses	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental Activities:					
General Fund	$ 36,203	$ 1,068,354	$ 1,523,763	$ 988,868	$ 3,617,188
Capital Projects Fund	921,315	-	-	-	921,315
Nonmajor Governmental Funds	22,345	257,788	520,716	135,944	936,793
Total - Governmental Activities	$ 979,863	$ 1,326,142	$ 2,044,479	$ 1,124,812	$ 5,475,296

F. Unearned Revenues

Unearned revenues as of August 31, 2021 in the fund financial statements consisted of the following:

	Nonmajor Governmental Funds
Season football tickets	$ 6,210
Child Nutrition Program	6,415
Total	$ 12,625

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

G. Capital Asset Activity

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

	Balance 09/01/20	Additions	Retirements & Reclassi-fications	Balance 08/31/21
Governmental activities				
Capital assets, not being depreciated				
Land	$ 334,576	$ -	$ -	$ 334,576
Construction in progress	22,253,054	976,423	(22,590,082)	639,395
Total capital assets not being depreciated	22,587,630	976,423	(22,590,082)	973,971
Capital assets, being depreciated				
Buildings and improvements	76,280,779	23,850,024	-	100,130,803
Furniture and equipment	1,405,552	68,570	-	1,474,122
Vehicles	2,918,900	446,000	(59,540)	3,305,360
Total capital assets being depreciated	80,605,231	- 24,364,594	(59,540)	104,910,285
Less: accumulated depreciation for:				
Buildings and improvements	19,466,984	1,889,074	-	21,356,058
Furniture and equipment	662,523	96,261	-	758,784
Vehicles	2,402,540	101,179	(59,540)	2,444,179
Total accumulated depreciation	22,532,047	2,086,514	(59,540)	24,559,021
Total capital assets, being depreciated, net	58,073,184	22,278,080	-	80,351,264
Governmental activities capital assets, net	$ 80,660,814	$ 23,254,503	$ (22,590,082)	$ 81,325,235

The District had various projects ongoing during the year. Additional information on projects still in process can be found in Note II(AB). Below is a summary of the changes in construction in progress for the year ended August 31, 2021:

	Balance 09/01/20	Costs Incurred	Projects Completed	Balance 08/31/21
Construction in Progress:				
District Support Center	$ 534,136	$ -	$ -	$ 534,136
High School Renovation Project	9,643,242	64,498	(9,707,740)	-
Intermediate School and Borger Middle School Renovation Project	11,970,417	911,925	(12,882,342)	-
Agriculture Building Project	105,259	-	-	105,259
Total Construction in Progress	$ 22,253,054	$ 976,423	$ (22,590,082)	$ 639,395

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

G. Capital Asset Activity (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	$	1,232,835
Instructional Resources and Media Services		28,559
Curriculum and Instruction Staff Development		47,422
Instructional Leadership		8,073
School Leadership		96,238
Guidance, Counseling and Evaluation Services		77,142
Social Work Services		1,632
Health Services		24,300
Student (Pupil) Transportation		79,507
Food Services		76,119
Extracurricular Activities		99,800
General Administration		83,344
Facilities Maintenance and Operations		194,363
Security and Monitoring Services		735
Data Processing Services		34,744
Community Services		1,701
Total depreciation expense	$	2,086,514

H. Bonds Payable

At August 31, 2021, the District had bonds payable as described below:

In a previous year, the District issued $8,579,992 of Unlimited Tax Refunding Bonds Series 2013 (the "Series 2013 Bonds") to advance refund $8,580,000 of Series 2006 Bonds in order to achieve debt service savings. The Series 2006 Bond maturities that were refunded were the 2028 through 2036 maturities, with interest rates of 5.0%.

The net proceeds from the issuance of the Series 2013 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2006 Bonds had been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the Series 2006 Bonds refunded have been removed from the District's government-wide financial statements. The Series 2006 Bonds refunded were redeemed on February 15, 2016 and are no longer outstanding.

The Series 2013 Bonds consist of two types of bonds, $8,035,000 of current interest bonds, and $544,992 of capital appreciation bonds. The current interest bonds bear interest at rates from 3.00% to 4.00%, and have maturity dates from February 15, 2018 through February 15, 2036. The capital appreciation bonds have maturity dates ranging from August 15, 2013 through February 15, 2029, and unlike most bonds which pay interest semi-annually over the life of the bond, the capital appreciation bonds do not pay interest until maturity.

II. Detailed Notes on All Funds and Account Groups (continued):

H. Bonds Payable (continued)

The Series 2013 Bonds were issued at a premium of $1,361,285, net of an underwriter's discount of $70,494. This net premium of $1,290,791 is being amortized over the life of the Series 2013 bonds using the effective interest method. Current year amortization of the net premium was $66,447.

The District follows the reporting guidance of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65") for the reporting of the Series 2013 Bonds. Under GASB 65, since the Series 2013 Bonds are considered to be an in-substance defeasance of the Series 2006 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District's case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2006 bonds using the effective interest method. The reacquisition price of the Series 2006 Bonds was $9,759,725 and the net carrying value was $8,580,000, which resulted in a deferred outflow of resources of $1,179,725. The current year's amortization of the deferred outflow of resources was $69,546. The outstanding balances of the Series 2013 Bonds as of August 31, 2021 were $7,685,000 for the current interest bonds and $101,811 for the capital appreciation bonds.

On May 1, 2014, the District issued $6,889,997 of Unlimited Tax Refunding Bonds Series 2014 (the "Series 2014 Bonds") to advance refund $6,890,000 of Series 2006 Bonds in order to achieve debt service savings. The Series 2006 Bond maturities that were refunded were the 2017 through 2028 maturities, with interest rates ranging from 4.25% to 5.0%.

The net proceeds from the issuance of the 2014 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2006 Bonds had been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the Series 2006 Bonds refunded have been removed from the District's government-wide financial statements. The Series 2006 Bonds refunded were redeemed on February 15, 2016 and are no longer outstanding.

The Series 2014 Bonds consist of two types of bonds, $6,655,000 of current interest bonds, and $234,997 of capital appreciation bonds. The current interest bonds bear interest at rates from 2.00% to 3.25%, and have maturity dates from August 15, 2014 through February 15, 2028. The capital appreciation bonds had a maturity date of February 15, 2017, and unlike most bonds which pay interest semi-annually over the life of the bond, the capital appreciation bonds did not pay interest until maturity. The Series 2014 Bonds were issued at a premium of $730,303, net of an underwriter's discount of $50,140. This net premium of $680,163 is being amortized over the life of the Series 2014 bonds using the effective interest method. Current year amortization of the net premium was $54,598.

The District follows the reporting guidance of GASB 65 for the reporting of the Series 2014 Bonds. Under GASB 65, since the Series 2014 Bonds are considered to be an in-substance defeasance of the Series 2006 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District's case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

H. Bonds Payable (continued)

the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2006 Bonds using the effective interest method. The reacquisition price of the Series 2006 Bonds was $7,474,330 and the net carrying value was $6,890,000, which resulted in a deferred outflow of resources of $584,330, which was fully amortized in a previous year. The outstanding balances of the Series 2014 Bonds as of August 31, 2021 were $4,135,000 for the current interest bonds and $0 for the capital appreciation bonds, as they were paid in full during the year ended August 31, 2017.

On March 25, 2015, the District issued $8,790,000 of Unlimited Tax Refunding Bonds Series 2015 (the "Series 2015 Bonds") to advance refund $9,065,000 of the Series 2007 Bonds in order to achieve debt service savings. The 2007 Series Bond maturities that were refunded were the 2025 through 2036 maturities, with interest rates ranging from 4.50% to 4.70%. The net proceeds from the issuance of the Series 2015 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2007 Bonds have been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the Series 2007 Bonds refunded have been removed from the District's government-wide financial statements. The amount of defeased bonds outstanding were redeemed in full on February 15, 2017 and are no longer outstanding.

The Series 2015 Bonds were issued as serial bonds and bear interest at rates of 3.00% to 4.00% and have maturity dates on 8/15/2015 and 2/15/2025 through 2/15/2036. The Series 2015 Bonds were issued at a premium of $1,186,455, net of an underwriter's discount of $63,257. This net premium of $1,123,198 is being amortized over the life of the Series 2015 bonds using the effective interest method. Current year amortization of the net premium was $69,913.

The District follows the reporting guidance of GASB 65 for the reporting of the Series 2015 Bonds. Under GASB 65, since the Series 2015 Bonds are considered to be an in-substance defeasance of the Series 2007 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District's case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2007 Bonds using the effective interest method. The reacquisition price of the Series 2007 Bonds was $9,802,570 and the net carrying value was $9,065,000, which resulted in a deferred outflow of resources of $737,570. The current year's amortization of the deferred outflow of resources was $45,909. The outstanding balance of the Series 2015 Bonds as of August 31, 2021 was $8,720,000.

On December 1, 2016, the District issued $8,175,000 of Unlimited Tax Refunding Bonds Series 2016 (the "Series 2016 Bonds") to advance refund $8,335,000 of the Series 2007 Bonds in order to achieve debt service savings. The 2007 Series Bond maturities that were refunded were the 2018 through 2025 maturities and the 2037 and 2038 maturities, with interest rates ranging from 4.10% to 4.625%. The net proceeds from the issuance of the Series 2016 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2007 Bonds were refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the Series 2007 Bonds refunded have been removed from the District's government-wide financial statements. The amount of defeased bonds outstanding were redeemed in full on February 15, 2017 and are no longer outstanding.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

H. Bonds Payable (continued)

The Series 2016 Bonds were issued as serial bonds and bear interest at rates of 2.00% to 4.00% and have maturity dates from 2/15/2017 through 2/15/2025 and 2/15/2037 and 2/15/2038.

The Series 2016 Bonds were issued at a premium of $508,060, net of an underwriter's discount of $54,808. This net premium of $453,252 is being amortized over the life of the Series 2016 bonds using the effective interest method. Current year amortization of the net premium was $25,744.

The District follows the reporting guidance of GASB 65 for the reporting of the Series 2016 Bonds. Under GASB 65, since the Series 2016 Bonds are considered to be an in-substance defeasance of the Series 2007 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District's case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2007 Bonds using the effective interest method. The reacquisition price of the Series 2007 Bonds was $8,522,372 and the net carrying value was $8,335,000, which resulted in a deferred outflow of resources of $187,372. The current year's amortization of the deferred outflow of resources was $10,643. The outstanding balance of the Series 2016 Bonds as of August 31, 2021 was $6,185,000.

The old net cash flow requirements of the District for bonds affected by the 2016 Refunding prior to issuance of the Series 2016 Bonds were $14,073,122 from 2017 to 2038 and the net new cash flow requirements were $12,584,946 after issuance of the Series 2016 Bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,120,197.

On July 1, 2017, the District issued $38,020,000 of Unlimited Tax School Building Bonds, Series 2017 (the "Series 2017 Bonds"). Proceeds from the sale of the bonds will be used (1) for the construction, acquisition and equipment of school facilities in the District and, (2) to pay the costs associated with the issuance of the bonds. The bonds are direct and voted obligations of the District, payable from an annual ad valorem tax levied on all taxable property within the District.

The Series 2017 Bonds consist of two types of bonds, $7,355,000 of current interest bonds, and $30,665,00 of term bonds. The current interest bonds bear interest at rates from 2.00% to 5.00%, and have maturity dates from February 15, 2018 through February 15, 2038. The term bonds bear interest at rates of 4.00% to 5.00% and have maturity dates of February 15, 2042 and 2047.

The Series 2017 Bonds were issued at a premium of $3,300,137, net of an underwriter's discount of $208,108. This net premium of $3,092,029 is being amortized over the life of the Series 2016 bonds using the effective interest method. Current year amortization of the net premium was $132,384. The outstanding balance of the Series 2016 Bonds as of August 31, 2018 was $36,940,000.

In total, during the year ended August 31, 2021, the District amortized $349,086 of the net unamortized premiums on bond issuances, which was recorded as a reduction in interest expense reported on the Statement of Activities.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

H. Bonds Payable (continued)

In total, during the year ended August 31, 2021, the District amortized $126,098 of the deferred charges for bond refundings, which was recorded as an increase in interest expense reported on the Statement of Activities.

In total, during the year ended August 31, 2021, the District recorded accreted interest on capital appreciation bonds of $73,056 and paid $0 of accreted interest on capital appreciation bonds that had matured. The net amount of $73,056 of interest accreted less accreted interest paid was recorded as an increase in interest expense on the Statement of Activities.

Bond indebtedness of the District is reflected in the government-wide Statement of Net Position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. There are a number of limitations and restrictions contained in the bond indenture. The District's administrators believe that the District is in compliance with all significant limitations and restrictions at August 31, 2021.

Debt service requirements for bonds payable are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2022	$ 1,525,000	$ 2,561,937	$ 4,086,937
2023	1,575,000	2,511,238	4,086,238
2024	1,630,000	2,456,438	4,086,438
2025	1,685,000	2,400,613	4,085,613
2026	1,750,000	2,340,000	4,090,000
2027-2031	8,161,811	12,275,308	20,437,119
2032-2036	11,510,000	8,935,275	20,445,275
2037-2041	14,135,000	6,301,950	20,436,950
2042-2046	17,785,000	2,665,025	20,450,025
2047	4,010,000	80,200	4,090,200
Total	$ 63,766,811	$ 42,527,984	$ 106,294,795

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

H. Bonds Payable (continued)

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

Bonds Payable	Bond Issue Date	Interest Rate Payable	Interest Paid Current Year	Payable/ Amounts Outstanding 09/01/20	Additions	Retired/ Refunded	Payable/ Amounts Outstanding 08/31/21	Due Within One Year
Unlimited Tax School Refunding Bonds, Series 2013 Current Interest & Term Bonds (original amount of $8,035,000)	May 2013	3.00% to 4.00%	$ 272,450	$ 7,775,000	$ -	$ 90,000	$ 7,685,000	$ 95,000
Unlimited Tax School Refunding Bonds, Series 2013 Capital Appreciation Bonds (original amount of $544,992)	May 2013	0.62% to 3.25%	-	101,811	-	-	101,811	-
Unlimited Tax School Refunding Bonds, Series 2014 Current Interest & Term Bonds (original amount of $6,655,000)	May 2014	2.00% to 3.25%	133,437	4,735,000	-	600,000	4,135,000	615,000
Unlimited Tax School Refunding Bonds, Series 2015 Current Interest & Term Bonds (original amount of $8,790,000)	March 2015	3.00% to 4.00%	344,800	8,720,000	-	-	8,720,000	-
Unlimited Tax School Refunding Bonds, Series 2016 Serial Bonds (original amount of $8,175,000)	December 2016	2.00% to 4.00%	235,925	6,650,000	-	465,000	6,185,000	485,000
Unlimited Tax School Building Bonds Series 2017 Serial & Term Bonds (original amount of $38,020,000)	August 2017	2.00% to 5.00%	1,622,750	37,265,000	-	325,000	36,940,000	330,000
Total Bonds Payable			$ 2,609,362	$ 65,246,811	$ -	$ 1,480,000	$ 63,766,811	$ 1,525,000

	Balance 09/01/20	Additions	Current Year Reductions/ Amortization	Balance 08/31/21
Unamortized premium on bond issuance	$ 4,805,683	$ -	$ (349,086)	$ 4,456,597
Unamortized deferred charge on bond issuance	$ 922,899	$ -	$ (126,098)	$ 796,801
Accumulated accreted interest on capital appreciation bonds	$ 269,710	$ 73,056	$ -	$ 342,766

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

I. Operating Leases

The District leases copy machines under various non-cancelable operating leases. Total costs for such leases were $135,238 for the year ended August 31, 2021. The future minimum lease payments for these leases are as follows:

Year ending August 31,	Amount
2022	$ 105,612
2023	105,612
2024	105,612
2025	105,612
Total Future Minimum Lease Payments	$ 422,448

J. Fund Balance

The District's fund balances for its governmental funds are presented in accordance with GASB 54, which classifies fund balance based on the level of constraints placed on the usage of fund resources. Under GASB 54, fund balances for governmental funds are reported in the following categories:

1. Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

2. Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

3. Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Trustees. Formal action consists of a board resolution by a majority vote of the District's Board of Trustees in a publicly held scheduled meeting. Committed fund balance amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (board resolution). Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board of Trustees. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

J. Fund Balance (continued)

4. Assigned – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board of Trustees may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board of Trustees by majority vote in a publicly scheduled meeting. The Board of Trustee's has delegated the authority to make assignments of fund balance amounts to the District's Superintendent or his designee.

5. Unassigned – The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not be assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged first to restricted balances, and then to unrestricted balances as they are needed. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed resources first, then to assigned resources and then to unassigned resources as they are needed.

The District's governmental fund balances as of August 31, 2021 are reported as follows on the fund financial statements:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Inventories	$ 171,728	$ -	$ -	$ 14,817	$ 186,545
Prepaid expenses	6,724	-	-	-	6,724
Restricted:					
Federal & State grant restrictions:					
National school breakfast & lunch program	-	-	-	9,069	9,069
Summer feeding program	-	-	-	6,360	6,360
SSA - School health & related services program	-	-	-	76,501	76,501
SSA - Special education	-	-	-	1,173,921	1,173,921
SEP Bus purchase program	915	-	-	-	915
Retirement of long-term debt	-	1,800,271	-	-	1,800,271
Committed:					
Construction	-	-	1,806,310	-	1,806,310
Campus activity funds	-	-	-	168,582	168,582
Unassigned	5,440,493	-	-	-	5,440,493
Total fund balances	$ 5,619,860	$ 1,800,271	$ 1,806,310	$ 1,449,250	$ 10,675,691

II. Detailed Notes on All Funds and Account Groups (continued):

K. Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position - Detailed information about the TRS'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 TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2020 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2020:

Net Pension Liability		
Total pension liability	$	218,974,205,084
Less: Plan fiduciary net position		(165,416,245,243)
Net pension liability	$	53,557,959,841
Net position as a percentage of total pension liability		75.54%

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

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

K. Defined Benefit Pension Plan (continued)

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

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

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

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

Contribution Rates and Amounts

	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%

Borger ISD 2021 Employer Contributions	$ 531,618
Borger ISD 2021 Member Contributions	$ 1,389,585
Borger ISD 2021 NECE On-behalf Contributions	$ 1,071,435

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

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

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

K. Defined Benefit Pension Plan (continued)

Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

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

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the Systems 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.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

K. Defined Benefit Pension Plan (continued)

The total pension liability in the August 31, 2019 actuarial valuation rolled forward to August 31, 2020 was determined using the following actuarial assumptions:

Valuation date	August 31, 2019 rolled forward to August 31, 2020
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	7.25%
Long term expected investment rate of return	7.25%
Municipal bond rate as of August 2020	2.33% - 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 increase including inflation	3.05% to 9.05% including inflation
Ad hoc post-employement benefit changes	None

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

Discount Rate - A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

K. Defined Benefit Pension Plan (continued)

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

Asset Class	Target Allocation* %	Long-Term Expected Arithmetic Real Rate of Return**	Expected Contribution to Long-Term Portflio Returns
Global Equity			
U.S.A.	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%
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%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Expected Return	100.00%		7.33%

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

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

K. 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 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 Net Pension Liability:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	$ 10,281,736	$ 6,667,870	$ 3,731,683

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions - At August 31, 2021, the District reported a liability of $6,667,870 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 6,667,870
State's proportionate share that is associated with the District	13,907,799
Total	$ 20,575,669

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0124498206%, which was a decrease of 0.0019593118% from its proportion measured as of August 31, 2019 which was 0.0144091324%.

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

For the measurement period from September 1, 2019 through August 31, 2020, the District recognized pension expense of $1,672,799 and revenue of $1,672,799 for support provided by the State in the government-wide statement of activities for the year ended August 31, 2021

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

K. Defined Benefit Pension Plan (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 12,175	$ 186,083
Changes in actuarial assumptions	1,547,183	657,851
Difference between projected and actual investment earnings	134,986	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	230,399	770,065
Contributions paid to TRS subsequent to the measurement date	531,618	-
Total	$ 2,456,361	$ 1,613,999

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

Year ended August 31:	Pension Expense Amount
2022	$ 201,468
2023	203,325
2024	187,174
2025	(35,355)
2026	(204,013)
Thereafter	(41,855)
	$ 310,744

L. Medicare Part D – On-Behalf Payments

Federal Government Retiree Drug Subsidy - Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. Payments made on-behalf of the District for the years ended August 31, 2021, 2020, and 2019 were $81,170, $78,081, and $67,374, respectively.

II. Detailed Notes on All Funds and Account Groups (continued):

M. Defined Other Post-Employment Benefit Plan

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

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

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

The information provided in the Notes to the Financial Statements in the 2020 Annual Comprehensive Financial Report for TRS-Care provides the following information regarding the Other Post-Employment Benefit Plan fiduciary net position as of August 31, 2020:

Net OPEB Liability

Total OPEB liability	$	40,010,833,815
Less: Plan fiduciary net position		(1,996,317,935)
Net OPEB liability	$	38,014,515,880
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 plan. Optional dependent coverage is available for an additional fee.

II. Detailed Notes on All Funds and Account Groups (continued):

M. Defined Other Post-Employment Benefit Plan (continued):

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

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Surviving Spouse	$ 135	$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

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

Contribution Rates and Amounts

	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%
Borger ISD 2021 Employer Contributions		$ 149,317
Borger ISD 2021 Member Contributions		$ 117,365
Borger ISD 2021 NECE On-behalf Contributions		$ 199,069

II. Detailed Notes on All Funds and Account Groups (continued):

M. Defined Other Post-Employment Benefit Plan (continued)

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of $535 per retiree. TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

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

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

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

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

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

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

M. Defined Other Post-Employment Benefit Plan (continued)

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%
Inflation	2.33% as of August 31, 2020
Aging factors	Based on plan specific experience
Election rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary increases	3.05% to 9.05%, including inflation
Ad hoc post-employement benefit changes	None

Discount Rate – single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

M. Defined Other Post-Employment Benefit Plan (continued)

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

	Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions — Current Single Discount Rate		
	1% Decrease 1.33%	**Discount Rate 2.33%**	**1% Increase 3.33%**
District's proportionate share of the net OPEB liability	$ 8,891,261	$ 7,409,398	$ 6,238,940

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2021, the District reported a liability of $7,409,398 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 7,409,398
State's proportionate share that is associated with the District	9,956,455
Total	$ 17,365,853

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

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

M. Defined Other Post-Employment Benefit Plan (continued)

At August 31, 2020 the employer's proportion of the collective net OPEB liability was 0.0194909713% compared to 0.0202712835% as of August 31, 2019. This is a decrease of 0.0007803122%. The following presents the impact of the net OPEB liability of the plan using the assumed healthcare cost trend rate of 8.5%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used:

	Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions		
	Current Single Discount Rate		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 6,052,529	$ 7,409,398	$ 9,216,556

Changes Since the Prior Actuarial Valuation - The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent, as of August 31, 2020. This change increased the total OPEB liability (TOL).

- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the TOL.

- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the TOL.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, the District recognized OPEB expense of ($69,134) and revenue of ($69,134) for support provided by the State.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

M. Defined Other Post-Employment Benefit Plan (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 387,953	$ 3,390,920
Changes in actuarial assumptions	457,006	2,034,659
Difference between projected and actual investment earnings	2,408	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	316,779	601,068
Contributions paid to TRS subsequent to the measurement date	149,317	-
Total	$ 1,313,463	$ 6,026,647

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

Year ended August 31:	Pension Expense Amount
2022	$ (787,750)
2023	(788,072)
2024	(788,256)
2025	(788,210)
2026	(590,301)
Thereafter	(1,119,912)
	$ (4,862,501)

N. Litigation and Contingencies

At August 31, 2021, the District had no known or threatened pending litigation which would materially affect the District's financial condition except for a dispute with a contractor in relation to the High School Renovation Project. During the course of this project, the contractor has fallen behind and asked for a change order increasing the total cost of the project due to an error in the bidding process. As a result of an ongoing dispute over this issue, the District decided to split the portion of the project in contention out and bid it as a separate project. In conjunction with this, the District submitted to the contractor a change order decreasing the total contract value by $1,172,799 to account for the costs the District paid a different contractor to complete the project. The contractor disputes this change order and has not signed it and as of the most recent application for payment submitted to the District by the contractor, they feel the District still owes them $451,960 of retainage for work already completed.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

N. Litigation and Contingencies (continued):

There have not been any specific suits filed in regards to this issue but the District does not intend to pay any of this retainage due to the costs incurred in hiring the other contractor and that the change order submitted to the original contractor is valid. As such, the District has not recorded a liability for these costs for which the contractor is still seeking payment.

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

O. Cafeteria Plan

During the year ended August 31, 2021, the District offered a cafeteria plan meeting the requirements of Section 125 of the Internal Revenue Code to all full-time employees. Under the cafeteria plan participants designate a portion of their salary to be contributed to the cafeteria plan to pay for selected unreimbursed expenses. Eligible unreimbursed expenses include medical expenses, child and dependent care costs, health insurance costs, cancer insurance cost and dental expenses. By contributing to the cafeteria plan, employees can receive certain income tax benefits.

P. Revenues from Local and Intermediate Sources

During the year ended August 31, 2021, revenues from local and intermediate sources in the fund financial statements consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	$ 5,810,295	$ 3,881,520	$ -	$ -	$ 9,691,815
Penalties, interest	86,662	27,381	-	-	114,043
Investment income	7,004	1,234	647	-	8,885
Food sales	-	-	-	89,229	89,229
Gifts and bequests	34,690	-	-	13,043	47,733
Extracurricular student activities	87,169	-	-	-	87,169
Shared service arrangements	-	-	-	1,604,722	1,604,722
Campus fund activities	-	-	-	49,771	49,771
Insurance recovery	7,718	-	-	-	7,718
Other	42,600	-	-	34,042	76,642
Totals	$ 6,076,138	$ 3,910,135	$ 647	$ 1,790,807	$ 11,777,727

II. Detailed Notes on All Funds and Account Groups (continued):

Q. Unemployment Compensation Pool

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

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

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

R. Workers Compensation Aggregate Deductible

During the year ended August 31, 2021, the District met its statutory worker's compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's 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 worker's compensation benefits to its members' injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document. After the District's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 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 reported. For the Fund's year ended August 31, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

R. Workers Compensation Aggregate Deductible (continued):

The following is a summary of the District's aggregate deductible amount and the estimated outstanding loss and allocated loss adjustment expense (ALAE) as of August 31, 2021:

Fiscal Year Ended	District's aggregate deductible	Estimated total paid loss & ALAE at 8/31/20	Selected ultimate loss & ALAE	District net retained outstanding loss & ALAE at 8/31/20
8/31/2013	$ 59,731	$ 7,017	$ 7,017	$ -
8/31/2014	48,247	6,035	6,035	-
8/31/2015	47,077	32,839	32,839	-
8/31/2016	49,584	46,827	46,827	-
8/31/2017	49,633	5,214	5,214	-
8/31/2018	52,622	8,918	8,918	-
8/31/2019	55,716	32,070	36,289	4,219
8/31/2020	57,542	8,518	10,737	2,220
8/31/2021	56,414	186,668	56,414	-
Total				$ 6,439

The Fund engages the services of independent auditors 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 TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

S. Auto, Liability, and Property Programs

During the year ended August 31, 2021, the District participated in the following TASB Risk Management Fund's (the "Fund") programs: Auto Liability; Auto Physical Damage; Privacy & Information Security, Property and School Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2021, the Fund anticipates the 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 accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

T. Joint Venture - Shared Service Arrangements

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides for education programs for children with disabilities. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD, White Deer ISD, Groom ISD, Plemons-Stinnett-Phillips ISD and Pringle Morse ISD. The SSA is commonly known as the Hutchinson, Armstrong and Carson ("HAC") Special Education SSA. Specifically, the District is administering a program under the IDEA Part B, Formula grant from the U.S. Department of Education, passed through the TEA. The District receives monies from the TEA and distributes to other member districts. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities for this grant in Special Revenue Fund No. 313, and is accounted for using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Borger Independent School District	$	461,832
Sanford-Fritch Independent School District		194,911
Panhandle Independent School District		148,144
Claude Independent School District		79,914
White Deer Independent School District		94,290
Groom Independent School District		30,340
Plemons-Stinnett-Phillips Independent School District		155,871
Pringle Morse Independent School District		20,147
	$	1,185,449

The District is the fiscal agent for an SSA which provides for education programs for preschool children with disabilities. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD, White Deer ISD, Groom ISD, Plemons-Stinnett-Phillips ISD and Pringle Morse ISD. Specifically, the District is administering a program under the IDEA Part B, Preschool grant from the U.S. Department of Education, passed through the TEA. The District receives monies from the TEA and distributes to other member districts. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities for this grant in Special Revenue Fund No. 314, and is accounted for using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Borger Independent School District	$	13,878
Sanford-Fritch Independent School District		8,021
Panhandle Independent School District		8,503
Claude Independent School District		649
Plemons-Stinnett-Phillips Independent School District		5,094
Pringle Morse Independent School District		559
	$	36,704

II. Detailed Notes on All Funds and Account Groups (continued):

T. Joint Venture - Shared Service Arrangements (continued):

The District is the fiscal agent for an SSA which provides school-based health services which are provided to special education students enrolled in the Medicaid Program. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD and Plemons-Stinnett-Phillips ISD. Specifically, the District is administering a program under the School Health and Related Services ("SHARS") program. The District receives monies from the TEA and distributes to other member districts. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities for this grant in Special Revenue Fund No. 379, and is accounted for using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Borger Independent School District	$	94,869
Sanford-Fritch Independent School District		96,905
Panhandle Independent School District		50,928
Claude Independent School District		11,981
Plemons-Stinnett-Phillips Independent School District		54,772
Administrative expenses		27,151
	$	336,606

The District is the fiscal agent for an SSA which provides speech therapy, a diagnostician and administrative support services for special education to member districts. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD, White Deer ISD, Groom ISD, Plemons-Stinnett-Phillips ISD and Pringle Morse ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 437, Shared Services Arrangements - Special Education and is accounted for using Model 3 in the SSA section of the Resource Guide.

Expenditures of the SSA are summarized below:

Borger Independent School District	$	626,885
Sanford-Fritch Independent School District		189,352
Panhandle Independent School District		167,292
Claude Independent School District		58,828
White Deer Independent School District		79,050
Groom Independent School District		49,636
Plemons-Stinnett-Phillips Independent School District		167,292
Pringle Morse Independent School District		14,707
	$	1,353,042

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

U. Impact of Recently Issued Accounting Pronouncements

Recently Issued and Adopted Accounting Pronouncements

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. Earlier application was encouraged. However, in accordance with GASB 95, the effective date of this Statement was postponed for reporting periods beginning after December 15, 2019. The District implemented this statement during the year ended August 31, 2021. See Note II (AA) below for additional details regarding the implementation of this statement.

In May 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 2018 and later. Providing governments with sufficient time to apply the authoritative guidance addressed in this statement will help safeguard the reliability of their financial statements, which will in turn benefit the users of those financial statements. The requirements of this Statement are effective immediately. The adoption of this Statement will delay the implementation of other Statements as noted below.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. However, in accordance with GASB 95, the effective date of this Statement is postponed for reporting periods beginning after June 15, 2021.

According to the requirements of this statement, leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

U. Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements (continued)

In June 2018, the GASB issued statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5−22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. However, in accordance with GASB 95, the effective date of this Statement is postponed for reporting periods beginning after December 15, 2020. The requirements of this Statement should be applied prospectively. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

In August 2018, the GASB issued statement 90, *Minority Equity Interests*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

II. <u>Detailed Notes on All Funds and Account Groups (continued)</u>:

U. Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements (continued)

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. However, in accordance with GASB 95, the effective date of this Statement is postponed for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations* (GASB 91). The primary objective of this Statement are to provide a single method of reporting conduit debt obligations by debt issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. It clarifies the existing definition of conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations ; and improving note disclosures. The requirements for this Statement were effective for reporting periods beginning after December 15, 2020. Early application is encouraged. However, in accordance with GASB 95, the effective date of this Statement is postponed for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In March 2020, the GASB issued Statement 93, *Replacement of Interbank Offered Rates* (GASB 93). Some governments have entered into agreements in which the variable payments made or received depend on an interbank offered rate (IBOR), most notably the London Interbank Offered Rate (LIBOR) As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions relating to reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

U. Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements (continued)

The requirements for this Statement were effective for reporting periods beginning after June 15, 2020. Early application is encouraged. However, in accordance with GASB 95, the effective date of the parts of this Statement regarding leases is postponed for periods beginning after June 15, 2021 and in the case of using the London Interbank Offered Rate for derivative instrument, after December 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's). That objective is accomplished by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset, and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures of essential information regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is permitted. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

U. Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements (continued)

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97). The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application is permitted. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

V. Related Organization

The Borger ISD Foundation (the "Foundation"), is a separate not-for-profit entity which was created to provide scholarship funds for students of the District. Under reporting guidance taken from GASB, the Foundation is being treated as a related organization, as the District cannot impose its will on the Foundation, and the District does not have any financial benefit/burden relationship with the Foundation. The members of the board of the Foundation are appointed by an outside taxpayer group. The Superintendent of the District is one of the voting members of the Foundation. Total assets of the Foundation as of August 31, 2021, were approximately $32,849; however, these assets are not owned or controlled by the District and are not reflected on the District's financial statements.

W. HAC Special Education SSA Risk Management

Workers' Compensation Pool

During the year ended August 31, 2021, the HAC Special Education SSA met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund'). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's 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' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $2 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.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

W. HAC Special Education SSA Risk Management (continued)

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

Auto, Liability, and/or Property Programs

During the year ended August 31, 2021, the HAC Special Education SSA participated in the following TASB Risk Management Fund (the Fund) programs: School Liability and Privacy & 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.

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 HAC Special Ed SSA 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 year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

X. Limited Assessed Valuation Agreement

On December 30, 2013, the District's Board of Trustees approved an Agreement with Cominco Fertilizer Partnership for a Limitation On Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Cominco Fertilizer Partnership qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as a manufacturing project.

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(s) 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 Tax 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, including Cominco Fertilizer Partnership 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 agreements 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.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

X. Limited Assessed Valuation Agreement (continued)

The agreement and all supporting documentation was assigned Texas Comptroller Application No. 317. 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 being met.

In the event that Cominco Fertilizer Partnership 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 on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

It is the District's understanding that the applicant company is representing that they are in full compliance with all of its obligations under law and the agreement itself.

The terms of this agreement stipulate Cominco Fertilizer Partnership is to invest capital of at least $381,000,000 on a long-term basis for a valuation limitation of $20,000,000. For fiscal year 2021, which is the fifh year value limitation of the agreement, with the M&O tax rate $0.9664 per $100, with property constructed by Cominco Fertilizer Partnership valued at $383,069,840 without considering the limit and $20,000,000 with the limit. When calculated, the District forgoes collecting $3,508,707 in tax revenue; however, the reduced collections in tax revenue will be offset by the increase in state funding through the Foundation School Program funding formula and a possible Revenue Protection Payment. In addition to the tax abatement, Cominco Fertilizer Partnership has committed to pay supplemental payments to the District in the amount of $100 per ADA.

Below is a summary of the impact of the Chapter 313 Agreement with Cominco Fertilizer Partnership on the District's revenue from taxes and state funding formula grants for the District's fiscal year ending August 31, 2021:

Project Value During the 2020 Tax Levy	Project's Value Limitation Amount for the 2020 Tax Levy	Amount of Applicant's Maintenance & Operations Taxes Paid for the 2020 Tax Levy	Amount of Applicant's Maintenance & Operations Taxes Reduced for the 2020 Tax Levy	Company Revenue Loss Protection Payment to the District for the 2020 Tax Levy	Company Supplemental Payment to the District	Net Benefit (Loss) to the School District for the 2020 Tax Levy
$ 383,069,840	$ 20,000,000	$ 193,280	$ 3,508,707	$ 29,319	$ 254,000	$ 476,599

For the year ended August 31, 2021, the District recognized both the $29,319 received from Cominco Fertilizer Partnership as a revenue protection payment and the $254,000 supplemental payment based upon the District's ADA as other financing sources on the fund financial statements.

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

Y. Effect of Covid-19 Pandemic

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets, impacting essentially all entities, including Texas independent school districts. The District's campuses operated during the 2020-2021 school year with a combination of online and in-class learning. While the ultimate health and economic impact of the COVID-19 pandemic is highly uncertain, the District's administration continues to monitor the spread of COVID-19 and following guidance from local, state, and national agencies continues to assess the potential impact of the pandemic on the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Z. Subsequent Events

Management has evaluated subsequent events through December 9, 2021, which is the date on which the financial statements were issued. Management of the District is not aware of any subsequent events that would warrant disclosure in the notes to the financial statements or adjustment to the financial statements for the year ended August 31, 2021.

AA.Prior Period Adjustment

During the year ended August 31, 2021, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities* (GASB 84), which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the fiduciary fund financial statements by recording the additions and deductions of the custodial fund. The most significant impact GASB 84 had on the District's financial statements was to restate beginning net position in its custodial fund, as well as to restate beginning net fund balance in its campus activity funds. The following table summarizes the effects of implementing GASB 84 on the District's financial statements:

	As Previously Reported	Prior Period Adjustment	As Restated
Campus Activity Fund:			
Cash and Cash Equivalents	$ -	$ 71,868	$ 71,868
Due from Other Funds	104,251	-	104,251
Due to Student Groups	(5,270)	-	(5,270)
Other Committed Fund Balance	(98,981)	(71,868)	(170,849)
Custodial Fund (Formerly reported as the Agency Fund):			
Cash and Cash Equivalents	112,329	(71,868)	40,461
Due to Student Groups	(112,329)	112,329	-

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

II. Detailed Notes on All Funds and Account Groups (continued):

AB. Construction Commitments

The District is currently in the process of exploring the feasibility and/or the planning of a construction project for the purpose of renovating an existing building to be used to house the District's administrative offices. Although subject to change, the District's administration currently believes the renovation of the building which would be used to house the District's administrative offices will be paid from amounts accumulated in fund balances from previous years and operations from future years. Additionally, as of August 31, 2021, the District was also in the process of an agriculture building project.

Although subject to change, the following is a summary of the costs incurred to date, estimated total construction costs, and estimated completion dates of the projects either being proposed or ongoing as of August 31, 2021:

Project Description	Construction in Progress as of August 31, 2020	Estimated Total Project Costs	Estimated Completion Date
District Support Center	$ 534,136	$ 4,389,103	To Be Determined
Agriculture Building Project	105,259	1,526,000	To Be Determined
Total	$ 639,395	$ 5,915,103	

AC. Budget Variances

As noted on Exhibit G-1, the District had two negative budget variances in the General Fund in Functions 11 and 81. The District had one negative budget variance in the Child Nutrition Program budget as shown on Exhibit J-2 and the total actual expenditures exceeded the final amended budget, which was the result of the in-kind food commodities recorded by the District being in excess of what had been budgeted by $42,588. There were no negative budget variances in the Debt Service Fund budget as shown on Exhibit J-3. Management is aware of these variances and will more closely monitor the budget in the future in order to try and avoid negative budget variances, including taking into consideration budget amendments necessary as a result of recording in-kind foot commodities received.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G-1

BORGER 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 Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 5,984,613	$ 6,043,333	$ 6,076,138	$ 32,805
5800	State Program Revenues	18,172,551	18,172,551	17,154,750	(1,017,801)
5900	Federal Program Revenues	65,000	97,590	117,884	20,294
5020	Total Revenues	24,222,164	24,313,474	23,348,772	(964,702)
	EXPENDITURES:				
	Current:				
0011	Instruction	13,594,414	13,561,980	13,570,261	(8,281)
0012	Instructional Resources and Media Services	398,238	398,238	365,208	33,030
0013	Curriculum and Instructional Staff Development	510,167	496,167	486,539	9,628
0021	Instructional Leadership	88,424	88,424	78,529	9,895
0023	School Leadership	1,356,275	1,298,275	1,242,390	55,885
0031	Guidance, Counseling, and Evaluation Services	465,733	465,733	436,830	28,903
0032	Social Work Services	21,550	21,550	21,362	188
0033	Health Services	332,188	332,188	313,783	18,405
0034	Student (Pupil) Transportation	1,015,435	1,091,155	1,040,754	50,401
0036	Extracurricular Activities	1,445,879	1,446,727	1,270,442	176,285
0041	General Administration	1,154,100	1,133,686	1,077,604	56,082
0051	Facilities Maintenance and Operations	2,359,632	2,465,107	2,445,458	19,649
0052	Security and Monitoring Services	9,960	9,960	9,618	342
0053	Data Processing Services	560,684	550,684	454,797	95,887
0061	Community Services	15,475	25,000	22,272	2,728
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	45,590	50,866	(5,276)
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	751,010	743,510	743,468	42
0099	Other Intergovernmental Charges	143,000	139,500	139,048	452
6030	Total Expenditures	24,222,164	24,313,474	23,769,229	544,245
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(420,457)	(420,457)
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	2,500	2,500
7949	Other Resources	-	-	283,319	283,319
8911	Transfers Out (Use)	-	-	(2,600,000)	(2,600,000)
7080	Total Other Financing Sources (Uses)	-	-	(2,314,181)	(2,314,181)
1200	Net Change in Fund Balances	-	-	(2,734,638)	(2,734,638)
0100	Fund Balance - September 1 (Beginning)	8,354,498	8,354,498	8,354,498	-
3000	Fund Balance - August 31 (Ending)	$ 8,354,498	$ 8,354,498	$ 5,619,860	$ (2,734,638)

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

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.012449821%	0.014409132%	0.014581356%
District's Proportionate Share of Net Pension Liability (Asset)	$ 6,667,870	$ 7,490,317	$ 8,025,932
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	13,907,799	12,653,180	14,597,596
Total	$ 20,575,669	$ 20,143,497	$ 22,623,528
District's Covered Payroll	$ 18,060,367	$ 17,208,871	$ 17,405,026
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	36.92%	43.53%	46.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.014492665%	0.014536833%	0.0152317%	0.0092887%
$ 4,633,974	$ 5,493,253	$ 5,384,203	$ 2,481,141
8,742,939	10,816,155	9,875,271	8,733,062
$ 13,376,913	$ 16,309,408	$ 15,259,474	$ 11,214,203
$ 16,944,311	$ 16,778,455	$ 15,804,061	$ 15,501,327
27.35%	32.74%	34.07%	16.01%
82.17%	78.00%	78.43%	83.25%

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

	2021	2020	2019
Contractually Required Contribution	$ 531,618	$ 509,923	$ 504,099
Contribution in Relation to the Contractually Required Contribution	(531,618)	(509,923)	(504,099)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 18,047,614	$ 18,060,367	$ 17,208,871
Contributions as a Percentage of Covered Payroll	2.95%	2.82%	2.93%

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
$ 494,692	$ 474,985	$ 461,696	$ 451,019
(494,692)	(474,985)	(461,696)	(451,019)
$ -	$ -	$ -	$ -
$ 17,405,026	$ 16,944,311	$ 16,778,455	$ 15,804,061
2.84%	2.80%	2.75%	2.85%

EXHIBIT G-4

BORGER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM
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	0.019490971%	0.020271284%	0.020611081%	0.019841658%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 7,409,398	$ 9,586,540	$ 10,291,301	$ 8,628,393
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	9,956,455	12,738,365	14,931,045	13,311,226
Total	$ 17,365,853	$ 22,324,905	$ 25,222,346	$ 21,939,619
District's Covered Payroll	$ 18,060,367	$ 17,208,871	$ 17,405,026	$ 16,944,311
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	41.03%	55.71%	59.13%	50.92%
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.

EXHIBIT G-5

BORGER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	$ 149,317	$ 146,193	$ 143,938	$ 141,972
Contribution in Relation to the Contractually Required Contribution	(149,317)	(146,193)	(143,938)	(141,972)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 18,047,614	$ 18,060,367	$ 17,208,871	$ 17,405,026
Contributions as a Percentage of Covered Payroll	0.83%	0.81%	0.84%	0.82%

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

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

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

Teacher Retirement System of Texas Pension Plan (TRS):

Changes of Assumptions:

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

Changes of Benefit Terms:

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

Texas Public School Retired Employees Group Insurance Program (TRS-Care):

Changes of Assumptions:

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability (TOL).

- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. The change lowered the TOL.

- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the TOL.

Changes of Benefit Terms:

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

OTHER SUPPLEMENTARY INFORMATION

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

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1240	Due from Other Governments	146,077	-	40,113	1,637
1260	Due from Other Funds	-	-	175	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	$ 146,077	$ -	$ 40,288	$ 1,637
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ 175	$ -
2160	Accrued Wages Payable	26,223	-	36,099	1,472
2170	Due to Other Funds	116,989	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	2,865	-	4,014	165
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	146,077	-	40,288	1,637
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	-
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 146,077	$ -	$ 40,288	$ 1,637

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	281 ESSER - II Grant	282 ESSER - III Grant
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45,123	753	-	14,627	15,793	35,006	54,013	49,772
-	5,607	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,817	-	-	-	-	-	-	-
$ 59,940	$ 6,360	$ -	$ 14,627	$ 15,793	$ 35,006	$ 54,013	$ 49,772
$ 7,101	$ -	$ -	$ -	$ -	$ -	$ -	$ -
15,973	-	-	5,272	-	-	52,923	14,267
6,233	-	-	8,831	15,793	35,006	-	35,194
-	-	-	-	-	-	-	-
332	-	-	524	-	-	1,090	311
6,415	-	-	-	-	-	-	-
36,054	-	-	14,627	15,793	35,006	54,013	49,772
14,817	-	-	-	-	-	-	-
9,069	6,360	-	-	-	-	-	-
-	-	-	-	-	-	-	-
23,886	6,360	-	-	-	-	-	-
$ 59,940	$ 6,360	$ -	$ 14,627	$ 15,793	$ 35,006	$ 54,013	$ 49,772

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

Data Control Codes		289 Title IV, Part A Subpart 1	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1240	Due from Other Governments	8,244	294,203	5,802	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	$ 8,244	$ 294,203	$ 5,802	$ -
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2160	Accrued Wages Payable	2,423	-	-	-
2170	Due to Other Funds	5,550	194,043	5,448	-
2180	Due to Other Governments	-	100,160	354	-
2200	Accrued Expenditures	271	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	8,244	294,203	5,802	-
	FUND BALANCES				
	Nonspendable Fund Balance:				
3410	Inventories	-	-	-	-
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
	Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 8,244	$ 294,203	$ 5,802	$ -

379 Other Federal SSA Special Revenue Funds	410 Instructional Materials Allotment	427 School Safety & Security	429 Math Achievement Stipentds	437 SSA Special Education	461 Campus Activity Funds	459 Reg 20 SPED Fiscal Support	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 100	$ 74,075	$ -	$ 74,175
-	97,629	-	-	-	-	-	808,792
76,501	-	-	-	1,279,366	94,514	-	1,456,163
38,511	-	-	-	-	-	-	38,511
-	-	-	-	-	-	-	14,817
$ 115,012	$ 97,629	$ -	$ -	$ 1,279,466	$ 168,589	$ -	$ 2,392,458
$ 3,081	$ -	$ -	$ -	$ 346	$ 7	$ -	$ 10,710
-	-	-	-	103,136	-	-	257,788
-	97,629	-	-	-	-	-	520,716
35,430	-	-	-	-	-	-	135,944
-	-	-	-	2,063	-	-	11,635
-	-	-	-	-	-	-	6,415
38,511	97,629	-	-	105,545	7	-	943,208
-	-	-	-	-	-	-	14,817
76,501	-	-	-	1,173,921	-	-	1,265,851
-	-	-	-	-	168,582	-	168,582
76,501	-	-	-	1,173,921	168,582	-	1,449,250
$ 115,012	$ 97,629	$ -	$ -	$ 1,279,466	$ 168,589	$ -	$ 2,392,458

BORGER 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	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	476,608	-	453,037	15,515
5020	Total Revenues	476,608	-	453,037	15,515
	EXPENDITURES:				
	Current:				
0011	Instruction	476,608	-	453,037	15,515
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030	Total Expenditures	476,608	-	453,037	15,515
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment - GASB 84 Implementation	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	281 ESSER - II Grant	282 ESSER - III Grant
$ 89,229	$ 597	$ -	$ -	$ -	$ -	$ -	$ -
40,256	-	-	-	-	-	-	-
905,390	16,178	29,721	73,214	25,333	339,179	54,013	122,145
1,034,875	16,775	29,721	73,214	25,333	339,179	54,013	122,145
-	-	29,721	73,214	25,333	336,843	49,706	100,316
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	16,577
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,307	-
976,720	19,685	-	-	-	-	-	-
-	-	-	-	-	2,336	-	-
-	-	-	-	-	-	-	-
87,882	2,025	-	-	-	-	-	5,252
-	-	-	-	-	-	-	-
1,064,602	21,710	29,721	73,214	25,333	339,179	54,013	122,145
(29,727)	(4,935)	-	-	-	-	-	-
53,613	11,295	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 23,886	$ 6,360	$ -	$ -	$ -	$ -	$ -	$ -

BORGER 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		289 Title IV, Part A Subpart 1	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	30,434	1,185,449	36,704	-
5020	Total Revenues	30,434	1,185,449	36,704	-
	EXPENDITURES:				
	Current:				
0011	Instruction	30,434	-	-	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0033	Health Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	1,185,449	36,704	-
6030	Total Expenditures	30,434	1,185,449	36,704	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment - GASB 84 Implementation	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

	379 Other Federal SSA Special Revenue Funds	410 Instructional Materials Allotment	427 School Safety & Security	429 Math Achievement Stipentds	437 SSA Special Education	461 Campus Activity Funds	459 Reg 20 SPED Fiscal Support	Total Nonmajor Governmental Funds
	$ -	$ -	$ -	$ -	$ 1,604,722	$ 96,259	$ -	$ 1,790,807
	-	223,429	-	200	-	-	68,887	332,772
	334,502	-	-	-	-	-	-	4,097,422
	334,502	223,429	-	200	1,604,722	96,259	68,887	6,221,001
	-	223,429	-	200	628,895	55,484	68,887	2,567,622
	-	-	-	-	-	8,634	-	8,634
	-	-	-	-	134,212	-	-	134,212
	27,151	-	-	-	-	-	-	27,151
	-	-	-	-	-	800	-	17,377
	-	-	-	-	572,958	-	-	572,958
	-	-	-	-	-	-	-	4,307
	-	-	-	-	-	-	-	996,405
	-	-	-	-	-	33,608	-	35,944
	-	-	-	-	13,377	-	-	13,377
	-	-	-	-	3,600	-	-	98,759
	309,455	-	-	-	-	-	-	1,531,608
	336,606	223,429	-	200	1,353,042	98,526	68,887	6,008,354
	(2,104)	-	-	-	251,680	(2,267)	-	212,647
	78,605	-	-	-	922,241	98,981	-	1,164,735
	-	-	-	-	-	71,868	-	71,868
	$ 76,501	$ -	$ -	$ -	$ 1,173,921	$ 168,582	$ -	$ 1,449,250

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

	801 Barron Scholarship Fund	802 Class of 1961 Scholarship Fund	803 L. Herbert Scholarship Fund	804 J&R Scott Scholarship Fund
ASSETS				
Cash and Cash Equivalents	$ 1,909	$ 1,145	$ 2,302	$ 3,175
Total Assets	1,909	1,145	2,302	3,175
NET POSITION				
Restricted for Scholarships	1,909	1,145	2,302	3,175
Total Net Position	$ 1,909	$ 1,145	$ 2,302	$ 3,175

805 Angela Tyson Scholarship Fund	807 Dr. Argovitz Scholarship Fund	Total Private Purpose Trust Funds
$ 1,004	$ 1	$ 9,536
1,004	1	9,536
1,004	1	9,536
$ 1,004	$ 1	$ 9,536

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

	801 Barron Scholarship Fund	802 Class of 1961 Scholarship Fund	803 L. Herbert Scholarship Fund	804 J&R Scott Scholarship Fund
ADDITIONS:				
Earnings from Temporary Deposits	$ -	$ -	$ -	$ 1
Contributions, Gifts and Donations	2,300	-	2,550	-
Total Additions	2,300	-	2,550	1
DEDUCTIONS:				
Other Deductions	2,300	-	250	-
Total Deductions	2,300	-	250	-
Change in Net Position	-	-	2,300	1
Net Position - September 1 (Beginning)	1,909	1,145	2	3,174
Net Position - August 31 (Ending)	$ 1,909	$ 1,145	$ 2,302	$ 3,175

805 Angela Tyson Scholarship Fund	807 Dr. Argovitz Scholarship Fund	Total Private Purpose Trust Funds
$ -	$ -	$ 1
-	-	4,850
-	-	4,851
-	-	2,550
-	-	2,550
-	-	2,301
1,004	1	7,235
$ 1,004	$ 1	$ 9,536

REQUIRED TEA SCHEDULES

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

Last 10 Years Ended August 31		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2012	and prior years	Various	Various	$ Various
2013		1.040000	0.293900	554,164,070
2014		1.040000	0.288900	578,006,773
2015		1.040000	0.283900	591,086,335
2016		1.040000	0.270000	709,460,076
2017		1.040000	0.260000	951,528,538
2018		1.040000	0.412260	1,014,351,504
2019		1.040000	0.412900	1,021,344,690
2020		0.970000	0.412900	1,003,867,525
2021	(School year under audit)	0.966400	0.412900	939,276,590
1000	TOTALS			

(10) Beginning Balance 9/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2021
$ 99,779	$ -	$ 1,340	$ 376	$ (4,514)	$ 93,549
24,213	-	1,328	375	(351)	22,159
27,319	-	754	210	(356)	25,999
38,508	-	3,167	865	(518)	33,958
57,532	-	6,110	1,586	(804)	49,032
55,709	-	6,913	1,728	(723)	46,345
104,262	-	14,334	5,691	(3,183)	81,054
160,834	-	25,089	9,960	(9,326)	116,459
302,733	-	66,072	28,122	(29,924)	178,615
-	9,936,580	5,685,188	3,832,607	(118,696)	300,089
$ 870,889	$ 9,936,580	$ 5,810,295	$ 3,881,520	$ (168,395)	$ 947,259

12.01.21 DRAFT - FOR MANAGEMENT REVIEW PURPOSES ONLY

EXHIBIT J-2

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 275,000	$ 275,000	$ 89,229	$ (185,771)
5800	State Program Revenues	8,295	8,295	40,256	31,961
5900	Federal Program Revenues	764,005	764,005	905,390	141,385
5020	Total Revenues	1,047,300	1,047,300	1,034,875	(12,425)
	EXPENDITURES:				
	Current:				
0035	Food Services	1,047,300	958,648	976,720	(18,072)
0051	Facilities Maintenance and Operations	-	88,652	87,882	770
6030	Total Expenditures	1,047,300	1,047,300	1,064,602	(17,302)
1200	Net Change in Fund Balances	-	-	(29,727)	(29,727)
0100	Fund Balance - September 1 (Beginning)	53,613	53,613	53,613	-
3000	Fund Balance - August 31 (Ending)	$ 53,613	$ 53,613	$ 23,886	$ (29,727)

12.01.21 DRAFT - FOR MANAGEMENT REVIEW PURPOSES ONLY

EXHIBIT J-3

BORGER 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 Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 4,104,763	$ 4,104,763	$ 3,910,135	$ (194,628)
5800	State Program Revenues	-	-	77,243	77,243
5020	Total Revenues	4,104,763	4,104,763	3,987,378	(117,385)
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,480,000	1,480,000	1,480,000	-
0072	Interest on Long-Term Debt	2,609,363	2,609,363	2,609,362	1
0073	Bond Issuance Cost and Fees	15,400	15,400	14,081	1,319
6030	Total Expenditures	4,104,763	4,104,763	4,103,443	1,320
1200	Net Change in Fund Balances	-	-	(116,065)	(116,065)
0100	Fund Balance - September 1 (Beginning)	1,916,336	1,916,336	1,916,336	-
3000	Fund Balance - August 31 (Ending)	$ 1,916,336	$ 1,916,336	$ 1,800,271	$ (116,065)

EXHIBIT J-4

BORGER INDEPENDENT SCHOOL DISTRICT

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

FOR THE YEAR ENDED AUGUST 31, 2021

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	2,322,996
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1,753,610

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	161,423
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	115,885

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Borger Independent School District
Borger, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Borger Independent School District (the "District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during the audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2021-001 that we considered to be a significant deficiency.

Board of Trustees
Borger Independent School District
Page two

Compliance and Other Matters

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

The District's Responses to Our Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs as well as the letter from the District on page 111 of this report. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We noted certain other matters that we have reported to management of the District in a separate letter dated December 9, 2021.

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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Graham & Company, P.C.

Amarillo, Texas
December 9, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Borger Independent School District
Borger, Texas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Board of Trustees
Borger Independent School District
Page two

Report on Internal Control Over Compliance

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

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

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

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

Brown, Graham & Company, P.C.

Amarillo, Texas
December 9, 2021

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

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	____ Yes	X No
Are any significant deficiencies identified?	X Yes	____ No
Is any noncompliance material to the financial statements identified?	____ Yes	X No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?	____ Yes	X No
Are any significant deficiencies identified?	____ Yes	X No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major federal programs:

CFDA Number(s):	Name of federal program or cluster:
#10.553	School Breakfast Program
#10.555	National School Lunch Program - Cash Assistance
#10.559	National School Lunch Program - Non-Cash Assistance
#84.425D (COVID 19 Funding)	Elementary & Secondary School Emergency Relief - ESSER I
#84.425D (COVID 19 Funding)	Elementary & Secondary School Emergency Relief - ESSER II
#84.425U (COVID 19 Funding)	Elementary & Secondary School Emergency Relief - ESSER III

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

Auditee qualified as a low-risk auditee?	____ Yes	X No

Section II: Financial Statement Findings:
There was a financial statement finding for the year ended August 31, 2021 described as item 2021-001 below.

Section III: Federal Awards Findings:
There were no federal awards findings for the year ended August 31, 2021.

BORGER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2021

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards

Finding 2021-001 – Significant Deficiency – Audit Adjustments

Criteria: The District's responsibility for internal control over financial reporting extends to the correct reporting in the annual financial statements. The District's internal controls over financial reporting should be sufficient to assure that there is less than a remote likelihood that the District's annual financial statements, before audit, are materially misstated.

Condition: During our audit we noted that various accounts on the general ledger needed to be adjusted. Some of the adjusting entries we proposed during our audit of the District were deemed to be material to the District's financial statements. The most significant audit adjustments proposed were related to adjusting activity for some of the District's Special Revenue Funds, included those that are used to account for the Instructional Materials Allotment and the Shared Service Arrangements.

Context: Audit adjustments were recommended by us for various District Funds, that if not made during the preparation of a draft of the District's financial statements would have resulted in material misstatements on the District's financial statements for a few of the District's Special Revenue Funds.

Effect or Potential Effect: Audit adjustments were recommended during the audit, some of which were deemed material to the District's financial statements.

Cause: The District did not have sufficient internal controls in place to prevent the need for some of the adjusting entries to be recommended as a part of the audit engagement.

Recommendation: We recommend the District review the nature of the adjusting entries that were recommended by us during the audit, and attempt to identify and adjust the accounting records for these types of items in the future.

Views of Responsible Official: The District's official response can be found in the attached "Borger Independent School District's Response Letter to Audit Findings" that accompanies this report on page 111.

Planned Implementation Date of Corrective Action: Fiscal year ended 2022.

District Personnel Responsible for Corrective Action: Chance Welch, Superintendent and Faye Hooper, Business Manager.

BORGER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021

Finding 2020-001 – Significant Deficiency – Material Audit Adjustments

Condition: During our audit we noted that various accounts on the general ledger needed to be adjusted. The adjusting entries we proposed during our audit of the District, not all of which were material individually, were deemed in the aggregate to be material to the District's financial statements. The most significant audit adjustments proposed were related to adjusting activity for several of the District's Special Revenue Funds, including those that are used to account for the Instructional Materials Allotment and the Shared Service Arrangements.

Current Status: During our audit of the District's financial statements for the year ended August 31, 2021, we noted that various accounts on the general ledger needed to be adjusted. Some of the adjusting entries we proposed during our audit were deemed to be material to the District's financial statements. The most significant audit adjustments proposed were related to adjusting activity for some of the District's Special Revenue Funds, including those that are used to account for the Instructional Materials Allotment and the Shared Service Arrangements. We noted; however, that the nature and types of adjusting entries needed to prepare the District's financial statements for the fiscal year ended August 31, 2021 had less of an overall impact on the District's financial statements than in the previous year.

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

Finding 2021-001 – Significant Deficiency – Audit Adjustments

The District's corrective action plan for this finding can be found on the District's response letter on page 111 of this report.

EXHIBIT K-1

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Impact Aid - P.L. 81.874 (Note A)	84.041	75-6000466	$ 23,015
Total Direct Programs			23,015
Passed Through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101117901	476,608
*SSA - IDEA - Part B, Formula	84.027	216600011179016000	1,185,449
*SSA - IDEA - Part B, Preschool	84.173	216610011179016000	36,704
Total Special Education Cluster (IDEA)			1,222,153
Career and Technical - Basic Grant	84.048	21420006117901	29,721
Title III, Part A - English Language Acquisition	84.365A	21671001117901	25,333
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501117901	73,214
ESEA, Title IV, Part A, Subpart 1	84.424A	21680101117901	30,434
Elementary & Secondary School Emergency Relief Fd	84.425D	20521001117901	339,179
Elementary & Secondary School Emergency Relief II	84.425D	21521001117901	54,013
Elementary & Secondary School Emergency Relief III	84.425U	21528001117901	122,145
Total Assistance Listing Number 84.425			515,337
Total Passed Through State Department of Education			2,372,800
TOTAL U.S. DEPARTMENT OF EDUCATION			2,395,815
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the State Department of Agriculture			
*School Breakfast Program	10.553	71402101	160,548
*National School Lunch Program - Cash Assistance	10.555	71302101	672,046
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302101	72,796
Total Assistance Listing Number 10.555			744,842
*Summer Feeding Program - Cash Assistance	10.559	52402001	16,178
Total Child Nutrition Cluster			921,568
Total Passed Through the State Department of Agriculture			921,568
TOTAL U.S. DEPARTMENT OF AGRICULTURE			921,568
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,317,383

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

BORGER INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* ("Resource Guide"). Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the Balance Sheet – Governmental Funds. Operating statements of these funds present increases and decreases in net current assets.

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

   Federal grant funds are considered to be earned to the extent of expenditures are made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. According to the Resource Guide, funds received from the School Health and Related Services (SHARS) program represent reimbursements to the District for school health based services which are not already provided to special education students enrolled in the Medicaid Program, and, consequently, these revenues in the amount of $429,371 are not to be considered federal financial assistance for inclusion in the Schedule of Expenditures of Federal Awards ("SEFA"). These revenues are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds in the General Fund column in the amount of $94,869 and in the Nonmajor Funds column in the amount of $334,502. Of the amount reported in the Nonmajor Fund column, the entire $334,502 is reported in fund 379.

4. Borger ISD is the fiscal agent for funds received under various Shared Service Arrangements (SSA's). The federal funds received under the SSA's involve the IDEA Part B, Formula and IDEA Part B, Preschool grants. In accordance with the accounting requirements under TEA's Resource Guide, the District accounts for these grant funds in fund numbers 313 and 314, respectively. The total funds received for all member districts of the SSA's are shown as federal revenue and expenditures in these funds. In addition, in accordance with TEA's Resource Guide, the District also accounts for its proportionate share of these grant funds in fund numbers 224 and 225 respectively. For purposes of the determination of Single Audit requirements under Office of Management and Budget's Uniform Guidance, the amounts reported in funds 224 and 225 in the amounts of $453,037 and $15,515 respectively, along with the SHARS revenues in Note 3 above are excluded in the calculation. If amounts accounted for in funds 224 and 225 were included in the calculation of federal expenditures for purposes of the Uniform Guidance, they would be counted twice. The amounts reported in funds 224 and 225 are also excluded from being reported on the SEFA.