

**NEW BOSTON
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
AUGUST 31, 2021**

**NEW BOSTON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

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CERTIFICATE OF BOARD

New Boston Independent School District
Name of School District

Bowie
County

019-905
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President

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



WILF & HENDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

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

Independent Auditors' Report

Board of Trustees
New Boston Independent School District
201 Rice Street
New Boston, TX 75570

Members of the Board:

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 New Boston Independent School District (the District) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.
1810 Galleria Oaks • Texarkana, Texas 75503 • 903.793.5646 • Fax 903.792.7630 • www.wilhen.com

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12, budgetary comparison information on page 54, schedule of the District's proportionate share of the net pension liability (TRS) on pages 55-56, schedule of District's contributions to TRS Pension plan on pages 57-58, schedule of the District's proportionate share of the OPEB liability (TRS) on page 59, and schedule of District's contributions to TRS OPEB plan on page 60 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 New Boston Independent School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-2, J-4 and L-1. 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021, on our consideration of the New Boston Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Boston Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Boston Independent School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Wilf & Henderson, P.C.".

WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

December 6, 2021

NEW BOSTON INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the management of New Boston 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 District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$9,581,968 at August 31, 2021.
- The assets of the District's governmental activities exceeded its liabilities at the close of the most recent period by \$9,581,968 (net position). Of this amount, \$186,537 (unrestricted net position) may be used to meet the District's ongoing obligations.
- At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$13,562,390. The General Fund reported an ending fund balance this year of \$11,416,257.
- The District's total tax rate for 2020-2021 school year was \$1.313 with \$1.05470 for maintenance and operations and \$0.2583 for debt service.

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, 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 nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section 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 analysis of the District's overall financial condition and operations is included in this report. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, we presented the following kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the *Elementary and Secondary Education Act (ESEA)* 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 has one kind of fund—governmental.

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position. 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 and business-type activities.

Net position of the District's governmental activities increased from \$7,103,189 to \$9,581,968 Unrestricted Net Position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$186,537 at August 31, 2021.

Table I
New Boston Independent School District
NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Total % Change
Current and other assets	15,464,024	12,634,155	22.40%
Capital assets	22,442,460	23,280,868	-3.60%
Total assets	37,906,484	35,915,023	5.54%
Deferred outflows of resources	2,789,744	3,083,869	-9.54%
Other liabilities	1,755,716	1,603,882	9.47%
Long-term liabilities	15,405,508	16,135,991	-4.53%
TRS net pension liability	4,229,545	4,323,169	-2.17%
TRS net OPEB liability	5,010,903	6,061,035	-17.33%
Total liabilities	26,401,672	28,124,077	-6.12%
Deferred inflows of resources	4,712,588	3,771,626	24.95%
Net Position:			
Net Investment in Capital Assets	7,366,509	7,511,339	-1.93%
Restricted	2,028,922	1,800,343	12.70%
Unrestricted	186,537	(2,208,493)	108.45%
Total net position	9,581,968	7,103,189	34.90%

Table II
New Boston Independent School District
CHANGES IN NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Total % Change
Revenues:			
Program Revenues:			
Charges for Services	559,999	430,027	30.22%
Operating grants and contributions	6,096,286	5,808,257	4.96%
General Revenues:			
Maintenance and operations taxes	4,210,205	4,159,490	1.22%
Debt service taxes	1,021,631	1,052,802	-2.96%
State Aid - Formula Grants	9,833,074	9,275,222	6.01%
Investment Earnings	12,435	130,339	-90.46%
Miscellaneous	134,185	193,152	-30.53%
Total Revenue	21,867,815	21,049,289	3.89%
Expenses:			
Instruction	11,131,727	11,592,467	-3.97%
Instructional Resources and Media Services	202,528	213,791	-5.27%
Curriculum and Staff Development	156,796	204,077	-23.17%
Instructional Leadership	215,610	275,429	-21.72%
School Leadership	903,686	906,517	-0.31%
Guidance, Counseling, and Evaluation Services	989,537	1,018,652	-2.86%
Health Services	128,802	140,652	-8.43%
Student (Pupil) Transportation	535,096	476,782	12.23%
Food Services	1,844	1,362	35.39%
Extracurricular Activities	498,650	445,476	11.94%
General Administration	770,802	827,783	-6.88%
Facilities Maintenance and Operations	1,839,302	1,810,393	1.60%
Security and Monitoring Services	85,883	61,178	40.38%
Data Processing Services	362,599	363,792	-0.33%
Community Services	1,089	112	872.32%
Debt Service - Interest on Long Term Debt	465,515	498,034	-6.53%
Debt Service - Bond Issuance Cost and Fees	1,350	1,750	-22.86%
Payments related to Share Services Arrangements	1,144,555	1,125,527	1.69%
Other Intergovernmental Charges	94,579	77,236	22.45%
Total Expenses	19,529,950	20,041,010	-2.55%
Increase (decrease) in net position	2,337,865	1,008,279	131.87%
Net position at beginning of year	7,103,189	6,094,910	16.54%
Prior Period Adjustment	140,914	-	100.00%
Net position at end of year	9,581,968	7,103,189	34.90%

The cost of all governmental activities this year was \$19,529,950. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$5,231,836 because some of the costs were paid by those who directly benefited from the services \$559,999, or by other governments and organizations that subsidized certain programs with grants and contributions \$6,096,286 or by State equalization funding \$9,833,074.

Our analysis focuses on the net changes in fund balances (Table III) of the District's governmental funds.

Table III
New Boston Independent School District
NET CHANGES IN FUND BALANCES

	Governmental Funds 2021	Governmental Funds 2020	Total \$ Change	Total % Change
Revenues:				
Local and Intermediate Sources	\$ 5,955,184	\$ 6,023,149	\$ (67,965)	-1.13%
State Program Revenues	12,571,198	12,516,109	55,089	0.44%
Federal Program Revenues	3,072,611	1,984,629	1,087,982	54.82%
Total Revenues	21,598,993	20,523,887	1,075,106	5.24%
Expenditures:				
Instruction	10,018,175	9,933,656	84,519	0.85%
Instructional resources & media services	182,283	184,671	(2,388)	-1.29%
Curriculum and instructional staff development	139,577	202,586	(63,009)	-31.10%
Instructional leadership	193,685	246,268	(52,583)	-21.35%
School leadership	812,078	753,411	58,667	7.79%
Guidance, Counseling and Evaluation services	895,970	896,950	(980)	-0.11%
Health services	116,219	120,901	(4,682)	-3.87%
Student (Pupil) Transportation	484,012	426,044	57,968	13.61%
Food services	1,693	1,362	331	24.30%
Extracurricular activities	454,049	383,820	70,229	18.30%
General administration	697,097	722,769	(25,672)	-3.55%
Facilities maintenance & operations	2,237,430	1,588,674	648,756	40.84%
Security & monitoring services	78,844	115,922	(37,078)	-31.99%
Data processing services	333,454	311,602	21,852	7.01%
Community services	1,000	100	900	900.00%
Debt services	1,160,792	1,173,905	(13,113)	-1.12%
Facilities acquisition and construction	-	222,087	(222,087)	-100.00%
Payments to fiscal agent/member of SSA	1,144,555	1,125,527	19,028	1.69%
Other Intergovernmental Charges	94,579	77,236	17,343	22.45%
Total Expenditures	19,045,492	18,487,491	558,001	3.02%
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,553,501	2,036,396	517,105	25.39%
Net Change in Fund Balances	2,553,501	2,036,396	517,105	25.39%
Fund Balance - Beginning of Year	10,867,975	8,831,579	2,036,396	23.06%
Prior Period Adjustment	140,914	-	140,914	100.00%
Fund Balance - End of Year	\$ 13,562,390	\$ 10,867,975	2,694,415	24.79%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

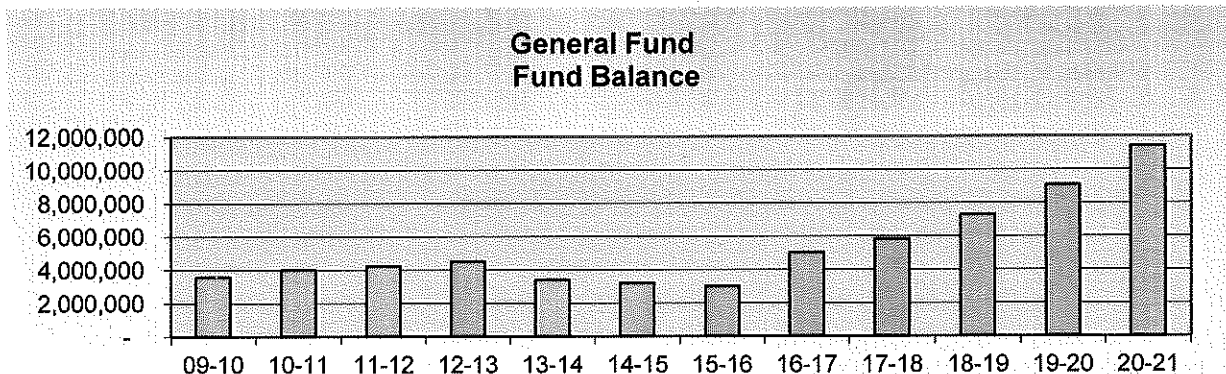
Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$13,562,390, an increase of \$2,553,501 plus a prior period adjustment of \$140,914. Approximately 32% of the combined ending fund balance constitutes *unassigned fund balance* of \$4,279,111. The remainder of fund balance is restricted, committed or assigned as follows:

- 1) Restricted for inventory \$23,528
- 2) restricted for federal or state funds grant restrictions \$816,832
- 3) restricted to pay debt service \$1,202,362
- 4) committed for future construction projects \$830,000
- 5) committed for self-insurance \$80,000
- 6) committed for campus activity funds \$126,939
- 7) assigned for future construction \$4,245,472
- 8) assigned for future retirement of loans or notes payable \$1,500,000
- 9) assigned for other purposes \$458,146

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,279,111, while the total fund balance was \$11,416,257. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 33% of the total General Fund expenditures, while total fund balance represents 88% of that same amount.

The fund balance of the District's General Fund increased by \$2,336,475 during the current fiscal year.



The Debt Service Fund has a total fund balance of \$1,202,362, all of which is reserved for the payment of debt service. The net increase in fund balance during the period in the Debt Service Fund was \$171,538. The tax rate imposed on taxpayers for the payment of debt service during 2020-2021 was \$0.258300 per \$100 assessed value.

GENERAL FUND BUDGETARY HIGHLIGHTS

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.

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.

Significant budget amendments were as follows:

General Fund:

Increase in revenues - local and intermediate sources	150,000
Increase in revenues - federal program revenues	191,452
(Increase) in expenditures Function 11 - Instruction	(68,925)
(Increase) in expenditure Function 23 - School Leadership	(7,000)
(Increase) in expenditures Function 31 - Guidance, Counseling, and Evaluation Services	(4,612)
(Increase) in expenditures Function 51 - Plant Maintenance and Operations	(813,000)
Decrease in expenditures Function 81 - Facilities Acquisition and Construction	233,200
(Increase) in expenditures Function 93 - Payments to Fiscal Agent / Member Districts of SSA	(13,200)
(Increase) in expenditures Function 99 - Other Intergovernmental Charges	(20,000)
	<u>(352,085)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had \$22,442,460 (net of accumulated depreciation) invested in a broad range of capital assets, including turf for the football field and new cabling for the network. This amount represents a net decrease of (\$838,408) from last year.

The majority of this decrease was attributable to current year cost of additions not exceeding depreciation. More detailed information about the District's capital assets is presented in Note H.

Debt

On June 1, 2015, the District issued \$6,330,000 in Unlimited Tax Refunding Bonds, Series 2015 issued to redeem a portion of Unlimited Tax Refunding and School Building Bonds, Series 2007 in the amount of \$6,330,000 representing the original principal amount of the Bonds of \$6,330,000, plus an original issue premium of \$538,860, plus accrued interest of \$8,546. This issue was comprised of \$5,160,000 in Current Interest Serial Bonds with an interest rate ranging between 2.5% and 4.0% maturing yearly from August 15, 2015 through 2020, 2022 through 2031 and 2034, \$1,105,000 in Current Interest Term Bonds with an interest rate of 3.0% maturing on August 15, 2032 through 2033 and \$65,000 in Premium Capital Appreciation Bonds that will mature August 15, 2021 at \$365,000. At year-end, the District had \$6,010,000 in Current Interest Bonds Outstanding.

On July 21, 2016, the District issued \$7,415,000 of Unlimited Tax Refunding Bonds, Series 2016 to refinance a portion of Series 2007 and 2008 with an interest rate ranging from 2.00% to 3.00% to advance refund \$7,435,000 of the Current Interest Series 2007 and Series 2008 outstanding bonds. At year-end, the District had \$6,460,000 of Current Interest Serial Bond Outstanding.

On May 18, 2015 the District issued \$2,905,000 of Maintenance Tax Note, Series 2015. The Series 2015 has a stated interest rate ranging between of 2.5 and 3.5% and will mature in 2035. At year-end, the District had \$2,220,000 of Maintenance Tax Note outstanding.

Other obligations include accrued vacation pay. More detailed information about the District's long-term liabilities is presented in Note I, J, K, and L to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Taxable value used for the 2021-2022 budget preparations increased by 19 million dollars as compared to last year's value.
- The tax rate set for maintenance and operations for the 2021-2022 school year was compressed to \$1.04160 per \$100 assessed value.
- The tax rate set for interest and sinking for the 2021-2022 school year increased to \$0.25746 per \$100 assessed value.
- The District's 2021-2022 refined average daily attendance is expected to be near 1,065.

These indicators were taken into account when adopting the General Fund budget for 2021-22. Amounts available for appropriation in the General Fund budget were determined to be \$14.378 million dollars.

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 New Boston Independent School District, 201 Rice Street, New Boston, Texas.

BASIC FINANCIAL STATEMENTS

NEW BOSTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 10,318,871
1120 Current Investments	2,535,615
1220 Property Taxes - Delinquent	430,599
1230 Allowance for Uncollectible Taxes	(224,774)
1240 Due from Other Governments	2,378,212
1290 Other Receivables, Net	1,973
1300 Inventories	23,528
Capital Assets:	
1510 Land	2,370,121
1520 Buildings and Improvements, Net	19,239,954
1530 Furniture and Equipment, Net	832,385
1000 Total Assets	<u>37,906,484</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	309,337
1705 Deferred Outflow Related to TRS Pension	1,595,243
1706 Deferred Outflow Related to TRS OPEB	885,164
1700 Total Deferred Outflows of Resources	<u>2,789,744</u>
LIABILITIES	
2110 Accounts Payable	50,433
2140 Accrued Interest Payable	19,843
2160 Accrued Wages Payable	907,016
2180 Due to Other Governments	764,814
2300 Unearned Revenue	13,610
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	715,000
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	14,690,508
2540 Net Pension Liability (District's Share)	4,229,545
2545 Net OPEB Liability (District's Share)	5,010,903
2000 Total Liabilities	<u>26,401,672</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	913,450
2606 Deferred Inflow Related to TRS OPEB	3,799,138
2600 Total Deferred Inflows of Resources	<u>4,712,588</u>
NET POSITION	
3200 Net Investment in Capital Assets	7,366,509
Restricted:	
3820 Restricted for Federal and State Programs	816,832
3850 Restricted for Debt Service	1,212,090
3900 Unrestricted	186,537
3000 Total Net Position	<u>\$ 9,581,968</u>

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

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

FOR THE YEAR ENDED AUGUST 31, 2021					Net (Expense) Revenue and Changes in Net Position	
Data Control Codes	1	Program Revenues		3	4	6
				Operating Grants and Contributions		Primary Gov. Governmental Activities
	Expenses		Charges for Services			
Primary Government:						
GOVERNMENTAL ACTIVITIES:						
11	Instruction	\$ 11,131,727	\$ 105,177	\$ 4,282,133	\$	(6,744,417)
12	Instructional Resources and Media Services	202,528	-	89,289		(113,239)
13	Curriculum and Instructional Staff Development	156,796	-	127,182		(29,614)
21	Instructional Leadership	215,610	-	121,260		(94,350)
23	School Leadership	903,686	-	63,006		(840,680)
31	Guidance, Counseling, and Evaluation Services	989,537	-	657,479		(332,058)
33	Health Services	128,802	-	43,996		(84,806)
34	Student (Pupil) Transportation	535,096	159,579	255,911		(119,606)
35	Food Services	1,844	-	1,693		(151)
36	Extracurricular Activities	498,650	99,420	13,206		(386,024)
41	General Administration	770,802	97,923	251,798		(421,081)
51	Facilities Maintenance and Operations	1,839,302	97,900	115,803		(1,625,599)
52	Security and Monitoring Services	85,883	-	25,503		(60,380)
53	Data Processing Services	362,599	-	48,027		(314,572)
61	Community Services	1,089	-	-		(1,089)
72	Debt Service - Interest on Long-Term Debt	465,515	-	-		(465,515)
73	Debt Service - Bond Issuance Cost and Fees	1,350	-	-		(1,350)
93	Payrnents Related to Shared Services Arrangements	1,144,555	-	-		(1,144,555)
99	Other Intergovernmental Charges	94,579	-	-		(94,579)
[TP]	TOTAL PRIMARY GOVERNMENT:	\$ 19,529,950	\$ 559,999	\$ 6,096,286		(12,873,665)
Data						
Control						
Codes						
General Revenues:						
Taxes:						
MT	Property Taxes, Levied for General Purposes					4,210,205
DT	Property Taxes, Levied for Debt Service					1,021,631
GC	State Aid - Formula Grants					9,833,074
IE	Investment Earnings					12,435
MI	Miscellaneous Local and Intermediate Revenue					134,185
TR	Total General Revenues					15,211,530
CN	Change in Net Position					2,337,865
NB	Net Position - Beginning					7,103,189
PA	Prior Period Adjustment					140,914
NE	Net Position - Ending				\$	9,581,968

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

NEW BOSTON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	10 General Fund	ESSER-School Emergency Relief II	SSA-IDEA Part B Formula
ASSETS			
1110 Cash and Cash Equivalents	\$ 8,142,222	\$ -	\$ -
1120 Investments - Current	2,535,615	-	-
1220 Property Taxes - Delinquent	358,642	-	-
1230 Allowance for Uncollectible Taxes	(190,024)	-	-
1240 Due from Other Governments	870,366	889,333	363,360
1260 Due from Other Funds	1,177,194	-	-
1290 Other Receivables	888	-	-
1300 Inventories	23,528	-	-
1000 Total Assets	<u>\$ 12,918,431</u>	<u>\$ 889,333</u>	<u>\$ 363,360</u>
LIABILITIES			
2110 Accounts Payable	\$ 42,890	\$ -	\$ -
2160 Accrued Wages Payable	577,746	-	75,499
2170 Due to Other Funds	-	889,333	287,861
2180 Due to Other Governments	736,738	-	-
2300 Unearned Revenue	8,610	-	-
2000 Total Liabilities	<u>1,365,984</u>	<u>889,333</u>	<u>363,360</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	136,190	-	-
2600 Total Deferred Inflows of Resources	<u>136,190</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	23,528	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:			
3510 Construction	830,000	-	-
3540 Self Insurance	80,000	-	-
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	4,245,472	-	-
3565 Retirement of Loans or Notes Payable	1,500,000	-	-
3590 Other Assigned Fund Balance	458,146	-	-
3600 Unassigned Fund Balance	4,279,111	-	-
3000 Total Fund Balances	<u>11,416,257</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,918,431</u>	<u>\$ 889,333</u>	<u>\$ 363,360</u>

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

SSA Special Education	50 Debt Service Fund	Other Funds	Total Governmental Funds
\$ 852,146	\$ 1,222,802	\$ 101,701	\$ 10,318,871
-	-	-	2,535,615
-	71,957	-	430,599
-	(34,750)	-	(224,774)
80	-	255,073	2,378,212
-	-	-	1,177,194
977	-	108	1,973
-	-	-	23,528
<u>\$ 853,203</u>	<u>\$ 1,260,009</u>	<u>\$ 356,882</u>	<u>\$ 16,641,218</u>
\$ 5,900	\$ -	\$ 1,643	\$ 50,433
135,984	-	117,787	907,016
-	-	-	1,177,194
-	28,076	-	764,814
-	-	5,000	13,610
<u>141,884</u>	<u>28,076</u>	<u>124,430</u>	<u>2,913,067</u>
-	29,571	-	165,761
-	29,571	-	165,761
-	-	-	23,528
711,319	-	105,513	816,832
-	1,202,362	-	1,202,362
-	-	-	830,000
-	-	-	80,000
-	-	126,939	126,939
-	-	-	4,245,472
-	-	-	1,500,000
-	-	-	458,146
-	-	-	4,279,111
<u>711,319</u>	<u>1,202,362</u>	<u>232,452</u>	<u>13,562,390</u>
<u>\$ 853,203</u>	<u>\$ 1,260,009</u>	<u>\$ 356,882</u>	<u>\$ 16,641,218</u>

NEW BOSTON 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	\$ 13,562,390
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 \$44,853,137 and the accumulated depreciation was (\$21,572,269). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. In addition, beginning balance for debt was (\$16,135,991). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	7,144,877
2 Current year capital outlays and long-term debt principal payments 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.	1,342,724
3 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. The net position related to TRS included a deferred resource outflow in the amount of \$1,595,243, a deferred resource inflow in the amount of (\$913,450), and a net pension liability in the amount of (\$4,229,545). This resulted in a (decrease) in net position.	(3,547,752)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$885,164, a deferred resource inflow in the amount of (\$3,799,138), and a net OPEB liability in the amount of (\$5,010,903). This resulted in a (decrease) in net position.	(7,924,877)
5 The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(1,486,132)
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, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	490,738
19 Net Position of Governmental Activities	\$ 9,581,968

NEW BOSTON 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	ESSER-School Emergency Relief II	SSA-IDEA Part B Formula
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 4,762,129	\$ -	\$ -
5800 State Program Revenues	10,014,926	-	-
5900 Federal Program Revenues	460,981	889,333	1,140,868
5020 Total Revenues	15,238,036	889,333	1,140,868
EXPENDITURES:			
Current:			
0011 Instruction	6,412,436	805,696	577,969
0012 Instructional Resources and Media Services	98,646	83,637	-
0013 Curriculum and Instructional Staff Development	27,769	-	-
0021 Instructional Leadership	87,799	-	-
0023 School Leadership	812,078	-	-
0031 Guidance, Counseling, and Evaluation Services	265,615	-	540,883
0033 Health Services	78,585	-	-
0034 Student (Pupil) Transportation	254,734	-	22,016
0035 Food Services	-	-	-
0036 Extracurricular Activities	384,057	-	-
0041 General Administration	483,069	-	-
0051 Facilities Maintenance and Operations	2,167,682	-	-
0052 Security and Monitoring Services	53,341	-	-
0053 Data Processing Services	333,454	-	-
0061 Community Services	1,000	-	-
Debt Service:			
0071 Principal on Long-Term Debt	125,000	-	-
0072 Interest on Long-Term Debt	76,712	-	-
0073 Bond Issuance Cost and Fees	450	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	1,144,555	-	-
0099 Other Intergovernmental Charges	94,579	-	-
6030 Total Expenditures	12,901,561	889,333	1,140,868
1200 Net Change in Fund Balances	2,336,475	-	-
0100 Fund Balance - September 1 (Beginning)	9,079,782	-	-
1300 Prior Period Adjustment	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ 11,416,257	\$ -	\$ -

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

SSA Special Education	50 Debt Service Fund	Other Funds	Total Governmental Funds
\$ 76,585	\$ 1,050,952	\$ 65,518	\$ 5,955,184
2,068,722	79,216	408,334	12,571,198
-	-	581,429	3,072,611
2,145,307	1,130,168	1,055,281	21,598,993
1,518,775	-	703,299	10,018,175
-	-	-	182,283
-	-	111,808	139,577
98,530	-	7,356	193,685
-	-	-	812,078
82,497	-	6,975	895,970
188	-	37,446	116,219
207,262	-	-	484,012
-	-	1,693	1,693
-	-	69,992	454,049
193,183	-	20,845	697,097
13,396	-	56,352	2,237,430
503	-	25,000	78,844
-	-	-	333,454
-	-	-	1,000
-	310,000	-	435,000
-	647,730	-	724,442
-	900	-	1,350
-	-	-	1,144,555
-	-	-	94,579
2,114,334	958,630	1,040,766	19,045,492
30,973	171,538	14,515	2,553,501
680,346	1,030,824	77,023	10,867,975
-	-	140,914	140,914
\$ 711,319	\$ 1,202,362	\$ 232,452	\$ 13,562,390

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 2,553,501
Current year capital outlays and long-term debt principal payments 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.	1,342,724
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position.	(1,486,132)
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, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to (decrease) net position.	(18,642)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$390,826. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a (decrease) in the change in net position totaling (\$325,838). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (decreased) the change in net position by (\$292,927). The net result is a (decrease) in the change in net position.	(227,939)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$108,040. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a (decrease) in the change in net position totaling (\$100,189). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$166,502. The net result is an increase in the change in net position.	174,353
Change in Net Position of Governmental Activities	\$ 2,337,865

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

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

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 22,726
Total Assets	<u>22,726</u>
NET POSITION	
Restricted for Other Purposes	<u>22,726</u>
Total Net Position	<u>\$ 22,726</u>

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

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

	Custodial Fund
ADDITIONS:	
Received from Student Groups	\$ 21,597
Total Additions	<u>21,597</u>
DEDUCTIONS:	
Other Deductions	<u>35,540</u>
Total Deductions	<u>35,540</u>
Change in Fiduciary Net Position	(13,943)
Total Net Position - September 1 (Beginning)	-
Prior Period Adjustment	<u>36,669</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 22,726</u></u>

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

**NEW BOSTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

Note A. Summary of Significant Accounting Policies

New Boston 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 generally accepted accounting principles promulgated by the Governmental Accounting Standards Board "(GASB)" and other authoritative sources identified in *Statement on Auditing Standards No.76* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

New Boston Independent School District implemented Governmental Accounting Standards Board (GASB) Number 84 *Fiduciary Activities* to improve identification of fiduciary activities for accounting and financial reporting purposes in the current year.

1. Reporting Entity

The Board of School Trustees has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of New Boston Independent School District. The members of the Board of Trustees are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity*. There are no component units included within the reporting entity. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

2. 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 New Boston Independent School District nonfiduciary activities with most of the 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 Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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 considers some governmental funds major and reports their financial condition and results of operations in a separate column.

3. 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, as do the proprietary fund and fiduciary fund financial statements. 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, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the 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. Revenues are considered to be available when they are collectible, if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. The District considers them available if they will be collected within 60 days of the end of the fiscal year. 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 deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometime 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. Agency Funds apply the accrual basis of accounting, but do not have a measurement focus. With the flow of economic resources measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position.

4. Fund Accounting

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses.

The District reports the following major governmental funds:

General Fund - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.

ESSER School Emergency Relief Fund II – This fund accounts for resources restricted for specific purposes by a grant in a special revenue fund. ESSER II funds were granted to LEAs through CRRSA Act to support LEAs' ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.

Shared Services Arrangement – IDEA – Part B, Formula – This fund accounts for resources restricted to account for funds granted to operate educational programs for children with disabilities. The District is the fiscal agent for federal funded Shared Services Arrangements (“SSA”) which provide special education services to member districts. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. The District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 313, Shared Services Arrangements – IDEA – Part B, Formula.

Shared Service Agreement– State/Local Funded Program Special Education Fund– This fund accounts for resources restricted to, or designated for, specific purposes by a grantor in a special revenue fund. The District is the fiscal agent for state/local funded Shared Services Arrangements (“SSA”) which provide special education services to member districts. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. The District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 437, Shared Services Arrangements – State/Local Funded Program Special Education.

Debt Service Fund - This governmental fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Additionally, the District reports the following fund types:

Governmental Fund Type:

Special Revenue Funds - The District accounts for resources restricted to or committed for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods. There are no required budgeted funds. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

Fiduciary Fund Type:

Custodial Funds – The District accounts for resources held for others in a custodial capacity in custodial funds. The District’s custodial funds included the Student Activity Fund.

5. Cash and Cash Equivalents

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

6. Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

7. Inventories

All inventories are valued at cost using the first in/first out (FIFO) method. The District records purchases of supplies as expenditures. If any supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is reserved for the same amount.

8. Asset Capitalization and Useful Lives

Capital assets, which include land, buildings and improvements, furniture and equipment, are reported in the governmental activities column 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	39-45
Building Improvements	3-30
Furniture and Equipment	5-20

9. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused state leave benefits. Employees who retire with 10 years of credited service with New Boston Independent School District are entitled to payment for up to 30 days of accumulated state leave at the rate of \$60 per day in a lump sum payment. The state leave benefits are accrued in the government-wide fund financial statements when vested. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

10. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as bond issuance costs, during the current period. The face amount of bonded debt issued plus the premiums/discounts received on the issuance of the bonds are reported as other financing sources. The amounts of the issuance cost are reported as expenditures.

11. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statements of financial position (The government-wide Statement of Net Position and governmental funds Balance Sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

12. Fund Equity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as following:

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purposes unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amount the District intends to use for specific purposes as expressed by the Board or an official delegated with the authority. The Board has delegated the authority to assign fund balances to the Superintendent and Business Manager.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

13. Workers Compensation Plan

New Boston Independent School District entered into an agreement with the Texas Educational Insurance Association to self-fund their workers' compensation plan. The agreement was effective September 1, 1992 and is administered by Claims Administrative Services, Inc. Prior to audit, the fixed cost amount for the District was \$17,680 and the loss fund maximum was \$37,683. The loss fund amount is for New Boston Independent School District's claims and for claims of other group members in excess of their loss fund maximum.

The Workers Comp Plan Statement of Change in Liability as follows:

Statement of Change in Liability From 9/1/20 Thru 8/31/21											
	92/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	Total
Unpaid claims at 9/1/20	4,596	-	1,055	1	5,138	4,174	2,597	6,611	4,958	-	29,130
Incurring Claims:											
Provisions for insured events of the current year	-	-	-	-	-	-	-	-	-	16,575	16,575
Increases (decreases) in provision for insured events of the prior years	(1,098)	-	(258)	-	(834)	(240)	257	(447)	(2,127)	-	(4,747)
Total incurred claims	(1,098)	-	(258)	-	(834)	(240)	257	(447)	(2,127)	16,575	11,828
Payments:											
Claims attributable to insured events of the current year	-	-	-	-	-	-	-	-	-	743	743
Claims attributable to insured events of the prior years	116	-	30	-	286	138	459	1,314	742	-	3,085
Total payments	116	-	30	-	286	138	459	1,314	742	743	3,828
Total unpaid claims 8/31/21	3,382	-	767	1	4,018	3,796	2,395	4,850	2,089	15,832	37,130
Minimum amount to be encumbered.											
Calculation of this amount allows for estimated claims Incurred But Not Reported (IBNR)	2,197	848	438	5,643	1,146	1,091	1,283	3,553	1,340	5,362	22,901

14. Unemployment Compensation Pool

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

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool.

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, 2021, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

15. Risk Management – Claims and Judgments

In the normal course of operations the District is exposed to risks of loss from a number of sources including fire and casualty losses, errors or omissions by board members and employees, and injuries to employees during the course of performing their duties. The District attempts to cover these losses by the purchase of insurance. Significant losses are covered by commercial insurance for property and liability programs. The District entered into an agreement with the Texas Educational Insurance Association to self-fund their workers' compensation plan with annual maximum limits. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

In management's estimation there are no current loss claims that exceed the maximum coverage or any material unfunded claim benefit obligation for the self-funded programs.

16. Restricted Assets

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

17. Functions

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing services and other intergovernmental charges functions (data control codes 41, 53, and 99 respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

18. Data Control Codes

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

19. Estimates and Assumptions

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

Note B. Stewardship, Compliance and Accountability

Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other report appears in Exhibit J-2.

Effective for the 2001-2002 school year, New Boston Independent School District (ISD) entered into an agreement with Texarkana Independent School District (ISD) for the operation of the National School Lunch Program and School Breakfast Program (NSLP/SBP). Texarkana ISD operates all aspects of the NSLP/SBP and receives all reimbursement and income from NSLP/SBP in New Boston ISD, including all commodities. New Boston ISD has not accounted for the revenue or expenditures of operating the NSLP/SBP for the 2020-2021 school year in its Food Service Special Revenue Fund, and has not disclosed them in the financial statements.

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

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

Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval.

As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

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.

Significant budget amendments were as follows:

General Fund:

Increase in revenues - local and intermediate sources	150,000
Increase in revenues - federal program revenues	191,452
(Increase) in expenditures Function 11 - Instruction	(68,925)
(Increase) in expenditure Function 23 - School Leadership	(7,000)
(Increase) in expenditures Function 31 - Guidance, Counseling, and Evaluation Services	(4,612)
(Increase) in expenditures Function 51 - Plant Maintenance and Operations	(813,000)
Decrease in expenditures Function 81 - Facilities Acquisition and Construction	233,200
(Increase) in expenditures Function 93 - Payments to Fiscal Agent / Member Districts of SSA	(13,200)
(Increase) in expenditures Function 99 - Other Intergovernmental Charges	(20,000)
	<u>(352,085)</u>

A reconciliation of fund balances for both appropriated budget and non-appropriated budget and Nonmajor Governmental Special Revenue Funds is as follows:

	08/31/21 <u>Fund Balance</u>
Appropriated Budget Funds - Special Revenue Fund	-
Nonappropriated Budget Funds	<u>232,452</u>
All Nonmajor Governmental Special Revenue Funds	<u>232,452</u>

Note C. Deposits and Investments

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in foreign currency.

The captions and amounts of cash and cash equivalents on the balance sheet, and Statement of Fiduciary Fund Net Position at August 31, 2021 consist of the following:

	General Fund	SSA State Special Education	Debt Service Fund	Other Funds	Total Governmental Funds	Custodial Fund
Cash in Bank	8,142,222	852,146	1,222,802	101,701	10,318,871	22,726
Investment Pools	2,535,615	-	-	-	2,535,615	-
Total	<u>10,677,837</u>	<u>852,146</u>	<u>1,222,802</u>	<u>101,701</u>	<u>12,854,486</u>	<u>22,726</u>

The District's cash deposits (cash and interest-bearing savings accounts) at August 31, 2021 and during the year ended August 31, 2021 were entirely covered by FDIC insurance, pledged collateral held by the District's agent bank in the District's name, Federal Home Loan Bank (FHLB) Letters of Credit, or National Credit Union Administration (NCUA).

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (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) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Public Funds Investment Act (PFIA) governs the District's investment policies and types of investments. The District's management believes that it complied with the requirements of the PFIA and the District's investment policies.

As of August 31, 2021 New Boston Independent School District had the following investments:

Investment Type	Investment Maturities (in years)				
	Fair Value*	Less than 1	1-5	6-10	More than 10
Investment Pools **					
TexPool***	474,239	474,239			
TexStar***	613,795	613,795			
Certificates of Deposit	1,446,581	1,446,581	-	-	-
Total	2,534,615	2,534,615	-	-	-

Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in a forced liquidation. Under GASB 72, all investments are recorded at fair value.

**Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

***Investments in local government pool are based upon a contract and not the security itself. The above investment pools, which are regulated by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00.

The Texas Local Government Investment Pool ("TexPool") and the Texas Short Term Asset Reserve Program ("TexStar") are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company ("Trust Company"), which is authorized to operate TexPool.

Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers Inc. and Federated Investor's, Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, this Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

TexStar is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. The fund seeks to maintain a constant dollar objective and meet the requirements of the Texas PFIA for local government investment pools.

Additional policies and contractual provisions governing deposits and investments for New Boston Independent School District are specified below:

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; certificates of deposits; fully collateralized repurchase agreements that have a defined termination date and secured by obligations of the United States or its agencies and instrumentalities; securities lending program; bankers acceptances; commercial paper; no-load money market mutual funds and no-load mutual funds; guaranteed investment contracts as an investment vehicle for bond proceeds and public funds investment pools. As of August 31, 2021, the District's investments in public funds investment pools in TexPool and TexStar were both rated AAAM by Standard & Poor's.

Custodial Credit Risk for Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District diversifies in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Interest Rate Risk - To limit the risk of changes in interest rates will adversely affect the fair value of investments, the District requires invested instruments maturities do not exceed one year from the time of purchase except when a longer maturity may be specifically authorized by the Board for a given investment provided legal limits are not exceeded.

Foreign Currency Risk for Investments - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currency.

Note D. 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. The assessed value of the roll on January 1, 2020 upon which the levy for the 2021 fiscal year was based was \$391,756,678. The tax rates levied for the year ended August 31, 2021, to finance General Fund operations and the payment of principal and interest on general obligations long-term debt were \$1.05470 and \$0.25830 per \$100 per valuation respectively, for a total of \$1.13 per \$100 valuation.

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 when collected.

Note E. Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance (General Fund) and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Fund 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.

Note F. Interfund Receivables and Payables

	Receivables (Due From)	Payables (Due To)
General Fund:		
ESSER School Emergency Relief Fund II	889,333	-
SSA - IDEA - Part B, Formula	287,861	-
ESSER School Emergency Relief Fund II:		
General Fund	-	889,333
SSA - IDEA - Part B, Formula:		
General Fund	-	287,861
Total	<u>1,177,194</u>	<u>1,177,194</u>

Note G. Disaggregation of Receivables and Payables

Receivables at August 31, 2021, were as follows:

	Property Taxes	Other Governments	Due from Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	358,642	870,366	1,177,194	888	2,407,090
ESSER School Emergency Relief Fund II	-	889,333	-	-	889,333
SSA - IDEA, Part B, Formula	-	363,360	-	-	363,360
SSA-State/Local Special Education Fund	-	80	-	977	1,057
Debt Service Fund	71,957	-	-	-	71,957
Nonmajor Governmental Funds (Special Revenue)	-	255,073	-	108	255,181
Total - Governmental Activities	430,599	2,378,212	1,177,194	1,973	3,987,978
Amounts not scheduled for collection during the subsequent year	(224,774)	-	-	-	(224,774)

Payables at August 31, 2021, were as follows:

	Accounts	Salaries and Benefits	Due to Other Funds	Other Governments	Total Payables
Governmental Activities:					
General Fund	42,890	577,746	-	736,738	1,357,374
ESSER School Emergency Relief Fund II	-	-	889,333	-	889,333
SSA - IDEA, Part B, Formula	-	75,499	287,861	-	363,360
SSA-State/Local Special Education Fund	5,900	135,984	-	-	141,884
Debt Service Fund	-	-	-	28,076	28,076
Nonmajor Governmental Funds (Special Revenue)	1,643	117,787	-	-	119,430
Total - Governmental Activities	50,433	907,016	1,177,194	764,814	2,899,457

Note H. Capital Asset Activity

During the year, the District replaced the turf on the football field disposing a portion of the old turf and installed new cabling for the network. The District also removed video surveillance equipment. All disposals were fully depreciated.

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

	Beginning Balance	Additions	Reclassifications / Retirements	Ending Balance
Governmental Activities:				
Land	2,370,121	-	-	2,370,121
Building and Improvements	38,805,013	-	-	38,805,013
Furniture and Equipment	3,678,003	647,724	(711,827)	3,613,900
Totals at Historic Cost	44,853,137	647,724	(711,827)	44,789,034
Less Accumulated Depreciation for:				
Buildings and Improvements	(18,286,526)	(1,278,533)	-	(19,565,059)
Furniture and Equipment	(3,285,743)	(207,599)	711,827	(2,781,515)
Total Accumulated Depreciation	(21,572,269)	(1,486,132)	711,827	(22,346,574)
Governmental Activities:				
Land	2,370,121	-	-	2,370,121
Building and Improvements, Net	20,518,487	(1,278,533)	-	19,239,954
Furniture and Equipment, Net	392,260	440,125	-	832,385
Capital Assets, Net	23,280,868	(838,408)	-	22,442,460

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	894,434
Instructional Resources and Media Services	16,274
Curriculum and Instructional Staff Development	12,462
Instructional Leadership	17,292
School Leadership	72,503
Guidance, Counseling and Evaluation Services	79,993
Health Services	10,376
Student (Pupil) Transportation	43,213
Food Services	151
Cocurricular/Extracurricular Activities	40,538
General Administration	62,237
Plant Maintenance and Operations	199,760
Security and Monitoring	7,039
Data Processing Services	29,771
Community Services	89
Total Depreciation Expense - Governmental Activities	1,486,132

Note I. Bonds Payable and Debt Service Requirements

On June 1, 2015, the District issued \$6,330,000 in Unlimited Tax Refunding Bonds, Series 2015 issued to advance refund a portion of Unlimited Tax Refunding and School Building Bonds, Series 2007 in the amount of \$6,330,000 representing the original principal amount of the Bonds of \$6,330,000, plus an original issue premium of \$538,860, plus accrued interest of \$8,546. This issue was comprised of \$5,160,000 in Current Interest Serial Bonds with an interest rate ranging between 2.5% and 4.0% maturing yearly from August 15, 2015 through 2020, 2022 through 2031 and 2034; \$1,105,000 in Current Interest Term Bonds with an interest rate of 3.0% maturing on August 15, 2032 through 2033; and \$65,000 in Premium Capital Appreciation Bonds that matured August 15, 2021 at \$365,000.

On July 21, 2016, the District issued \$7,415,000 of Unlimited Tax Refunding Bonds, Series 2016 comprised of a Current Interest Serial Bond with an interest rate ranging from 2.00% to 3.00% maturing August 15, 2038 to advance refund \$7,435,000 of the Current Interest Series 2007 and Series 2008 outstanding bonds.

In the governmental fund financial statements, bonded indebtedness of the District current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. During the year ended August 31, 2021, the District paid \$310,000 in principal, \$647,730 in interest, and \$900 in fees.

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

	Stated Interest Rate	Amounts Original Issue	Amounts Outstanding 09/01/20	Issuance/ Accretion	Retirements	Amounts Outstanding 08/31/21
Unlimited Tax School Building Bonds						
Series 2015, Current Interest Serial Bonds due through Aug 15, 2015-2020, 2022-2031, 2034	2.5-4.0%	4,905,000	4,905,000	-	-	4,905,000
Unlimited Tax School Building Bonds						
Series 2015, Current Interest Term Bonds due August 15, 2032-2033	3.00%	1,105,000	1,105,000	-	-	1,105,000
Unlimited Tax School Building Bonds						
Series 2015, Capital Appreciation Bonds, due August 15, 2021	-	65,000	280,369 (a)	44,631 (b)	(65,000)	-
Unlimited Tax Refunding Bond, Series 2016					(c)	(260,000)
Current Interest Serial Bonds due in annual installments through August 15, 2038	2.0%-3.0%	6,705,000	6,705,000	- (b)	(245,000)	6,460,000
			12,995,369	44,631	(570,000)	12,470,000

(a) Accretion of interest on Capital Appreciation Bonds \$44,631

(b) Principal payment on outstanding bonds \$310,000

(c) Accreted interest payment totaling \$260,000

Debt service requirements are as follows:

Year Ended August 31	General Obligations Bonds		
	Principal	Interest	Total Requirements
2022	590,000	382,830	972,830
2023	610,000	361,880	971,880
2024	635,000	339,380	974,380
2025	655,000	315,980	970,980
2026	675,000	296,330	971,330
2027-2031	3,675,000	1,177,344	4,852,344
2032-2036	4,355,000	595,800	4,950,800
2037-2038	1,275,000	46,800	1,321,800
	12,470,000	3,516,344	15,986,344

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium/discount on issuance of bonds, net of accumulated amortization, totaled \$628,537 at August 31, 2021. Amortization of \$72,186 is reflected in the Statement of Activities for the year ended August 31, 2021.

	Series 2015	Series 2016	Total
Premium/discount on issuance of bonds	323,090	377,633	700,723
Current year amortization	(40,754)	(31,432)	(72,186)
Premium/discount on issuance of bonds, net	<u>282,336</u>	<u>346,201</u>	<u>628,537</u>

New Boston Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of New Boston Independent School District.

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

Note J. Maintenance Tax Note Payable – Direct Borrowing

On May 18, 2015 the District issued \$2,905,000 of Maintenance Tax Note, Series 2015. The Series 2015 has a stated interest rate ranging between of 2.5% and 3.5% and will mature in 2035.

In the governmental fund financial statements, maintenance tax note obligations of the District current requirements are accounted for in the General Fund in Functions 71, 72 and 73 – Debt Service for payment of principal, interest and fees, respectively. During the year ended August 31, 2021, the District paid \$125,000 in principal, \$76,712 in interest and \$450 in fees.

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium/discount on issuance of bonds, net of accumulated amortization, totaled \$66,751 at August 31, 2021. Amortization of \$8,768 is reflected in the Statement of Activities for the year ended August 31, 2021.

A summary of changes in Maintenance Tax Note Obligations for the year ended August 31, 2021 is as follows:

Purpose	Stated Interest Rate	Amounts Original Issue	Amounts Outstanding 09/01/20	Issued	Retired	Amounts Outstanding 08/31/21
Limited Tax Note, Series 2015 due in annual installments through August 15, 2035	2.0-3.5%	2,905,000	2,345,000	-	(125,000)	2,220,000
			<u>2,345,000</u>	<u>-</u>	<u>(125,000)</u>	<u>2,220,000</u>

Maintenance Tax Note Obligations requirements are as follows:

Year Ended	Maintenance Tax Note Obligations		
	<u>August 31</u>	<u>Principal</u>	<u>Interest</u>
			<u>Total</u>
			<u>Requirements</u>
2022	125,000	73,587	198,587
2023	130,000	70,400	200,400
2024	135,000	66,413	201,413
2025	140,000	61,600	201,600
2026	145,000	56,612	201,612
2027-2031	800,000	202,125	1,002,125
2032-2035	745,000	53,287	798,287
	<u>2,220,000</u>	<u>584,024</u>	<u>2,804,024</u>

Note K. Accumulated Leave Benefits Payable

Employees earn state leave which may either be taken or accumulated. An employee who has served at least ten years with the District, shall be reimbursed for a maximum of 30 days of unused state leave earned since September 1, 1993. Upon retirement, employees are entitled to payment of their accumulated state leave up to 30 days in a lump sum payment. The retiring employee must provide notice 30 days in advance of the retirement and complete the school year. Leave benefits payable at August 31, 2021 totaled \$20,220.

A summary of changes in the accumulated leave liability follows:

Balance September 1, 2020	19,380
Additions - New Entrants and Salary Increments	840
Deductions - Payments to Participants	-
Balance August 31, 2021	<u>20,220</u>

Note L. Changes in Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	12,995,369	44,631	(570,000)	12,470,000	590,000
Premium/discount on issuance of bonds	700,723	-	(72,186)	628,537	-
Maintenance Tax Note	2,345,000	-	(125,000)	2,220,000	125,000
Premium on maintenance tax note	75,519	-	(8,768)	66,751	-
Total Bonds and Notes Payable	16,116,611	44,631	(775,954)	15,385,288	715,000
Other Liabilities:					
Compensated Absences	19,380	840	-	20,220	-
Net Pension Liability	4,323,169	232,214	(325,838)	4,229,545	-
Net OPEB Liability	6,061,035	-	(1,050,132)	5,010,903	-
Total Other Liabilities	10,403,584	233,054	(1,375,970)	9,260,668	-
Total Governmental Activities					
Long Term Liabilities	26,520,195	277,685	(2,151,924)	24,645,956	715,000

Note M. Defined Benefit Pension Plan (TRS)

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

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov/TRS%20Documents/cafr2019.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension 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.

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

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

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

Contribution Rates		
	2020	2021
Member (Employees)	7.7%	7.7%
Employer (District)	7.5%	7.5%
Non-Employer Contributing Entity (State)	7.5%	7.5%
NBISD Member Contributions	856,652	853,352
NBISD Employer Contributions	325,838	390,826
NBISD NECE On-Behalf Contributions	507,629	658,038

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public or charter school, 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.

- 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.
- All public schools, charter school, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.

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

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

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

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

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

The long-term rate of return on pension plan investments is 7.25%. 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	Allocation¹ %	Expected Arithmetic Real Rate of Return²	Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Development	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.05%
Stable Value Hedge	5.0%	1.9%	0.11%
Real Return			
Real Estate	15.0%	4.6%	1.01%
Energy, Natural Reserves	6.0%	6.0%	0.42%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag³			-0.67%
Total	100.00%		7.33%

¹ Target allocations are based on the FY 2020 policy manual.

² Capital Asset Market Assumptions come from Aon Hewitt (as of 8/31/2020).

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

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
NBISD's proportionate share of the net pension liability	6,521,883	4,229,545	2,367,071

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, New Boston ISD reported a liability of \$4,229,545 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to New Boston ISD. The amount recognized by New Boston ISD 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 New Boston ISD were as follows:

District's proportionate share of the collective net pension liability	\$ 4,229,545
State's proportionate share that is associated with the District	8,541,691
Total	<u>\$ 12,771,236</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.007897136%, which was an increase (decrease) of (0.0004193487%) from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2021, New Boston School recognized pension expense of \$1,646,141 and revenue of \$1,027,376 for support provided by the State.

At August 31, 2021, New Boston School 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	\$ 7,723	\$ 118,035
Changes in actuarial assumptions	981,405	417,287
Difference between projected and actual investment earnings	85,623	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	129,666	378,128
Total as of August 31, 2020 measurement date	\$ 1,204,417	\$ 913,450
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	390,826	-
Total as of August 31, 2021 fiscal year-end	\$ 1,595,243	\$ 913,450

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

Year ended August 31:	Pension Expense Amount
2022	115,984
2023	122,575
2024	128,513
2025	9,389
2026	(75,899)
Thereafter	(9,595)
	<u>290,967</u>

Note N. Defined Other Post-Employment Benefit Plan

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

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

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

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

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

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

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

TRS- Care Monthly for Retirees

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
<i>*or surviving spouse</i>		

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Non-Employer Contributing Entity (State)	1.25%	1.25%
 NBISD Member Contributions	 72,316	 72,037
NBISD Employer Contributions	100,189	108,040
Measurement Year NECE On-behalf Contributions	120,860	134,628

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 hiring a TRS retiree, employers are required to pay 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 \$280.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Actuarial Assumptions

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

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

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	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).

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience 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.
Election Rates	
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate: A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .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 used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
NBISD's proportionate share of the Net OPEB Liability	6,013,072	5,010,903	4,219,333

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 \$5,010,903 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	\$ 5,010,903
State's proportionate share that is associated with the District	6,733,452
Total	<u>\$ 11,744,355</u>

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

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.01318155%, which was an increase (decrease) of 0.0003651461 August 31, 2019.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	\$ 4,093,266	\$ 5,010,903	\$ 6,233,066

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

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- 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 Total OPEB Liability.

Change of Benefit Terms Since the Prior Measurement Date – There were not changes in benefit terms since the prior measurement date.

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	\$ 262,369	\$ 2,293,245
Changes in actuarial assumptions	309,069	1,376,020
Net Difference between projected and actual investment earnings	1,629	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	204,057	129,873
Total as of August 31, 2020 measurement date	777,124	3,799,138
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	108,040	-
Total as of August 31, 2021 fiscal year-end	\$ 885,164	\$ 3,799,138

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

Year ended August 31:	OPEB Expense Amount
2022	\$ (511,893)
2023	(512,110)
2024	(512,235)
2025	(512,204)
2026	(378,360)
Thereafter	(595,212)
	<u>\$ (3,022,014)</u>

For the year ended August 31, 2021, the District recognized OPEB expense of (\$113,068) and revenue of (\$46,755) for support provided by the State.

Note O. Medicare Part D (TRS)

Federal Government Retiree Drug Subsidy - The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives 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.

The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submission by reporting entities for the month of May. Any questions about payroll amounts should be directed to a reporting entity's payroll contact.

Contribution amounts are as follows: State Contributions for Medicare Part D made on behalf of New Boston Independent School District's employees were \$53,139 for the year ended August 31, 2021. State Contributions for Medicare Part D made on behalf of New Boston Independent School District's employees were \$52,082 for the year ended August 31, 2020. State Contributions for Medicare Part D made on behalf of New Boston Independent School District's employees were \$38,603 for the year ended August 31, 2019.

Note P. Deferred Compensation Plan

The District has established a deferred compensation plan for part-time employees who require the employee to contribute 7.5%. The District does not contribute. The payroll for employees covered by the deferred compensation plan for the year ended August 31, 2021 was \$118,574. Contributions were \$8,306 from the employees.

Note Q. Health Care Coverage

During the year ended August 31, 2021, employees of New Boston Independent School District were covered by a uniform statewide health care program for public education employees. The District contributed \$300 per month, which includes the \$75 which is reimbursed by the state, per employee to the Plan. Employees, at their option, may authorize payroll withholdings to pay the remaining balance of the premium for employee coverage and/or dependents. All contributions/premiums were paid to the statewide health care program. The Plan was authorized by House Bill 3343 and will be administered by the Teacher Retirement System of Texas (TRS). The TRS board approved the selection of BCBS as the health plan administrator and Caremark as the pharmacy benefits manager for TRS-ActiveCare.

Effective September 1, 2005 New Boston Independent School District and all participating members of the Bowie County Schools Health Cooperative elected to go to the State of Texas for medical insurance under the Texas Teacher Retirement (TRS) – Active Care.

Note R. Commitments and Contingencies

Litigation - The District may be subjected to loss contingencies arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

Grant Programs - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable 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 financial statements for such contingencies.

On March 13, 2020, Texas Governor Greg Abbott declared Texas in a state of disaster as a result of the COVID-19 pandemic. The Governor has issued proclamations renewing the disaster for all Texas counties in each subsequent month effective through the date of this report. The pandemic will most likely have a significant effect on governmental and private entities. The extent of the effect cannot, at this time, be estimated or quantified.

Note S. Due From/To Other Governments

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

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
Governmental Activities:			
Due From Other Governments:			
General Fund	870,366	-	870,366
ESSER School Emergency Relief Fund II	-	889,333	889,333
SSA - IDEA - Part B, Formula	-	363,360	363,360
SSA - State / Local Special Education Fund	80	-	80
Nonmajor Governmental Funds (Special Revenue)	25,000	230,073	255,073
	<u>895,446</u>	<u>1,482,766</u>	<u>2,378,212</u>
Due to Other Governments:			
General Fund	736,738	-	736,738
Debt Service Fund	28,076	-	28,076
	<u>764,814</u>	<u>-</u>	<u>764,814</u>

Note T. Unearned Revenues

Unearned revenue at August 31, 2021 consisted of the following:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
Reserved Seating for Football Games	8,610	-	8,610
State Instructional Materials	-	5,000	5,000
	<u>8,610</u>	<u>5,000</u>	<u>13,610</u>

Note U. Deferred Inflows of Resources – Balance Sheet

Unavailable revenue – property taxes at August 31, 2021 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Governmental Funds Total</u>
Net uncollected tax revenue	136,190	29,571	165,761
Total unavailable revenue	<u>136,190</u>	<u>29,571</u>	<u>165,761</u>

Note V. Deferred Outflows of Resources – Statement of Net Position

The following is a summary of changes in deferred outflows of resources for the year ended August 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on refunding:				
Series 2015	206,416	-	(26,037)	180,379
Series 2016	140,666	-	(11,708)	128,958
	<u>347,082</u>	<u>-</u>	<u>(37,745)</u>	<u>309,337</u>

Deferred amount on refunding bonds, net of accumulated amortization, totaled \$309,337 at August 31, 2021. Amortization of \$37,745 is reflected in the Statement of Activities for the year ended August 31, 2021.

Note W. Revenue from Local and Intermediate Sources

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

	Governmental Fund Types				
	General Fund	SSA State Special Education	Debt Service Fund	Other Funds	Governmental Funds Total
Property taxes and tax-related income	4,300,952	-	1,050,140	-	5,351,092
Investment income	11,540	-	812	82	12,434
Rent	97,900	-	-	-	97,900
Co-curricular/enterprising	33,984	-	-	65,436	99,420
Service to other districts	286,095	76,585	-	-	362,680
Other local sources	31,658	-	-	-	31,658
	<u>4,762,129</u>	<u>76,585</u>	<u>1,050,952</u>	<u>65,518</u>	<u>5,955,184</u>

Note X. General Fund Federal Source Revenues

Impact Aid - PL 81.874	84.041	30,106
Federal Flood Control	12.106	75
Coronavirus Relief Fund	21.019	8,126
E-Rate	N/A	30,331
SHARS	N/A	154,253
COVID-19 Prior Purchase Reimbursement Program	84.425D	73,549
Indirect Costs:		
ESEA, Title I, Part A - Imp. Basic Prg.	84.010A	345
COVID-19 Prior Purchase Reimbursement Program	84.425D	8,683
ESSER School Emergency Relief Fund II	84.425D	155,297
Title I SIP Academy Grant	84.377A	216
		<u>460,981</u>

Note Y. Shared Service Arrangements – Member District

The District participates in several Shared Services Arrangements (SSA) described as follows:

State/Local Funded – New Boston ISD fiscal agent: The District participates in a state/local funded SSA which provides special education services and alternative education services to member districts. In addition to the District, other member districts include various other districts in Bowie and Red River Counties. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent.

State/Local Funded - Bowie County Schools Transportation Department fiscal agent: The District participates in a state funded shared services arrangement (“SSA”) which provides transportation services to member districts. In addition to the District, other member districts include all the districts in Bowie and County. All services are provided by the fiscal agent. The Texas Education Agency and the member districts provide funds to the fiscal agent.

The District has accounted for their portion of the payment of the activities of the SSA's in Function 93, Shared Services Arrangements, and has accounted for the payment using Model 3 in the SSA section of the Resource Guide. These payments totaled \$1,144,555 for the year ended August 31, 2021 as follows:

General Fund - Function 93:

SSA - Special Education	860,696
SSA - Alternative Education	73,588
SSA - Transportation	<u>210,271</u>
	<u><u>1,144,555</u></u>

State and Federally Funded – New Boston ISD fiscal agent - The District participates in a state and federally funded SSA which provides special education services to member districts. In addition to the District other member districts include various other districts in Bowie and Red River Counties. All services are provided by the fiscal agent. The Texas Education Agency provides state and federal grant funds to the fiscal agent. Although a portion of the activity of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements.

The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to New Boston Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The fiscal agent has accounted for the activities of the SSA using Model 2 in the SSA section of the Resource Guide.

The fiscal agent has accounted for the grant funds as follows:

SSA - Federally Funded IDEA, Part B Formula
SSA - Federally Funded IDEA, Part B Preschool
SSA - State Funded Visually Impaired

Note Z. Shared Service Arrangements – Fiscal Agent

Federally and State/Local Funded Special Education and Alternative Education - New Boston ISD fiscal agent: The District is the fiscal agent for federally and state/local funded Shared Services Arrangements (“SSA”) which provide special education and alternative education services. In addition to the District, other member districts include nine other districts. The shared service arrangement funds are used to account for federal, state and local funds held by a fiscal agent school district that either (a) provides and pays for all services to member districts, (b) provides and pays for some services to member districts and sends a portion of the grant to each member district to expend; or (c) sends all of the grant to member districts to expend. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA using the model type noted below as defined in the SSA section of the Resource Guide.

The District has accounted for the fiscal agent's activities of the SSA in the Special Revenue Fund as follows:

<u>Fund Number</u>	<u>Fund Description</u>	<u>Fund Expenditures</u>	<u>Model Type</u>
313	SSA-Federally Funded IDEA, Part B Formula	1,140,868	2
314	SSA-Federally Funded IDEA, Part B Preschool	43,036	2
437	SSA - State/Local Special Education	2,114,334	3
459	SSA - State/Local Alternative Education	330,865	3

Model 2 – The fiscal agent receives the monies from the granting agency and administers the program. The fiscal agent manages the shared service arrangement's financial matters, including budgeting, accounting, auditing and reporting. The fiscal agent records the receipt of monies and the related disbursement activity in the shared services arrangement special revenue fund.

Model 3 – Member school districts agree to combine resources to provide a certain service. The fiscal agent manages the shared arrangement's financial matters, including budgeting, accounting, auditing and reporting. Certain management decisions may be made by an executive board or committee of participating members. The fiscal agent records the receipt of the member school district's monies and the related disbursement activity in the appropriate special revenue fund.

Fund 437 and Fund 459 SSA – State/Locally Funded (Model Type 3)

State/Local Funded - New Boston ISD fiscal agent: The District is the fiscal agent for state/local funded Shared Services Arrangements ("SSA") which provide special education and alternative education services to member districts. In addition to the District, other member districts include eight and nine other districts for the Special Education and Alternative Education programs, respectively. 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 - State/Local Funded Program Special Education, Special Revenue Fund No. 446, Shared Services Arrangements – State/Local Funded Program Medicaid and Special Revenue Fund No. 459, Shared Services Arrangements - State/Local Funded Program Alternative Education. SSA-Special Education and SSA-Alternative Education have been accounted for using Model 3 in the SSA section of the Resource Guide.

Program Funds of the SSA received from each participating districts are summarized below:

	Fund 437 Special Education	Fund 459 Alternative Education	Total
State Program Revenues:			
New Boston ISD	860,696	73,588	934,284
Hooks ISD	311,709	51,862	363,571
DeKalb ISD	305,422	45,905	351,327
Simms ISD	163,380	28,793	192,173
Red Lick ISD	86,473	7,612	94,085
Leary ISD	28,298	7,612	35,910
Malta ISD	27,876	7,612	35,488
Hubbard ISD	54,309	7,612	61,921
Maud ISD	-	27,625	27,625
Redwater ISD	-	65,704	65,704
Avery ISD	118,772	18,631	137,403
	1,956,935	342,556	2,299,491
TRS on behalf payments	111,787	16,799	128,586
Total State Program Revenues	2,068,722	359,355	2,428,077
Local and Intermediate Sources	76,585	-	76,585
Total Revenues	2,145,307	359,355	2,504,662

Note AA. Prior Period Adjustment

During the fiscal year 2021, the District adopted GASB Statement No. 84 *Fiduciary Activities*. With GASB 84, the District evaluated all fiduciary funds to determine the proper classification of custodial funds. Adoption of GASB 84 requires a prior period adjustment to report the effect of GASB 84 retroactively. The amount of the prior period adjustment for activity funds reclassified to a Special Revenue Fund is reflected on the Statement of Activities and Statement of Revenues Expenditures and Changes in Fund Balance as \$140,914. The restated beginning net position is \$7,244,103 and the restated fund balance is \$11,008,889.

The amount of the prior period adjustment for activity funds reclassified to a Custodial Fund is reflected on the Statement of Changes in Fiduciary Net Position as \$36,669. The restated beginning net position is \$36,669.

Note AB. Subsequent Events

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was December 6, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 4,464,880	\$ 4,614,880	\$ 4,762,129	\$ 147,249
5800	State Program Revenues	9,979,514	9,979,514	10,014,926	35,412
5900	Federal Program Revenues	80,000	271,452	460,981	189,529
5020	Total Revenues	14,524,394	14,865,846	15,238,036	372,190
EXPENDITURES:					
Current:					
0011	Instruction	7,458,809	7,527,734	6,412,436	1,115,298
0012	Instructional Resources and Media Services	188,958	188,958	98,646	90,312
0013	Curriculum and Instructional Staff Development	58,875	58,875	27,769	31,106
0021	Instructional Leadership	89,247	89,247	87,799	1,448
0023	School Leadership	810,250	817,250	812,078	5,172
0031	Guidance, Counseling, and Evaluation Services	262,198	266,810	265,615	1,195
0033	Health Services	94,644	94,644	78,585	16,059
0034	Student (Pupil) Transportation	275,240	275,240	254,734	20,506
0036	Extracurricular Activities	471,225	471,225	384,057	87,168
0041	General Administration	660,794	660,794	483,069	177,725
0051	Facilities Maintenance and Operations	1,993,978	2,806,978	2,167,682	639,296
0052	Security and Monitoring Services	71,450	71,450	53,341	18,109
0053	Data Processing Services	364,813	364,813	333,454	31,359
0061	Community Services	2,500	2,500	1,000	1,500
Debt Service:					
0071	Principal on Long-Term Debt	125,000	125,000	125,000	-
0072	Interest on Long-Term Debt	76,713	76,713	76,712	1
0073	Bond Issuance Cost and Fees	1,000	1,000	450	550
Capital Outlay:					
0081	Facilities Acquisition and Construction	306,900	73,700	-	73,700
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	1,131,800	1,145,000	1,144,555	445
0099	Other Intergovernmental Charges	80,000	100,000	94,579	5,421
6030	Total Expenditures	14,524,394	15,217,931	12,901,561	2,316,370
1200	Net Change in Fund Balances	-	(352,085)	2,336,475	2,688,560
0100	Fund Balance - September 1 (Beginning)	9,079,782	9,079,782	9,079,782	-
3000	Fund Balance - August 31 (Ending)	\$ 9,079,782	\$ 8,727,697	\$ 11,416,257	\$ 2,688,560

NEW BOSTON 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)	0.007897136%	0.008316485%	0.00858708%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,229,545	\$ 4,323,169	\$ 4,726,537
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	8,541,691	7,539,533	8,349,742
Total	<u>\$ 12,771,236</u>	<u>\$ 11,862,702</u>	<u>\$ 13,076,279</u>
District's Covered Payroll	\$ 11,125,340	\$ 10,005,984	\$ 9,971,682
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	38.02%	43.21%	47.40%
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, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.008984028%	0.009340332%	0.0100754%	0.0063631%
\$ 2,872,608	\$ 3,529,573	\$ 3,561,520	\$ 1,699,672
5,113,604	6,217,155	6,060,992	5,339,546
<u>\$ 7,986,212</u>	<u>\$ 9,746,728</u>	<u>\$ 9,622,512</u>	<u>\$ 7,039,218</u>
\$ 9,900,696	\$ 10,008,787	\$ 9,911,493	\$ 9,732,733
29.01%	35.26%	35.93%	17.46%
82.17%	78.00%	78.43%	83.25%

NEW BOSTON 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	\$ 390,826	\$ 325,838	\$ 291,087
Contribution in Relation to the Contractually Required Contribution	(390,826)	(325,838)	(291,087)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 11,082,483	\$ 11,125,340	\$ 10,005,984
Contributions as a Percentage of Covered Payroll	3.53%	2.93%	2.91%

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	
\$	289,277	\$	284,825	\$	296,766	\$	298,337
	(289,277)		(284,825)		(296,766)		(298,337)
\$	-	\$	-	\$	-	\$	-
\$ 9,971,682		\$ 9,900,696		\$ 10,008,787		\$ 9,911,493	
2.90%		2.88%		2.97%		3.01%	

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

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.013181551%	0.012816405%	0.012854402%	\$ 0.013124419%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 5,010,903	\$ 6,061,035	\$ 6,418,321	\$ 5,707,317
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	6,733,452	8,053,760	8,032,094	\$ 7,267,797
Total	<u>\$ 11,744,355</u>	<u>\$ 14,114,795</u>	<u>\$ 14,450,415</u>	<u>\$ 12,975,114</u>
District's Covered Payroll	\$ 11,125,340	\$ 10,005,984	\$ 9,971,682	\$ 9,900,696
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	45.04%	60.57%	64.37%	\$ 57.65%
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.

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

	2021	2020	2019	2018
Contractually Required Contribution	\$ 108,040	\$ 100,189	\$ 90,961	\$ 88,677
Contribution in Relation to the Contractually Required Contribution	(108,040)	(100,189)	(90,961)	(88,677)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 11,082,483	\$ 11,125,340	\$ 10,005,984	\$ 9,971,682
Contributions as a Percentage of Covered Payroll	0.97%	0.90%	0.91%	0.89%

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.

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check.

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

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

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

Changes in Assumptions.

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

- The discount rate changed from 2.64 percent as of August 31, 2019 to 2.33 percent, as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- 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 Total OPEB Liability.

COMBINING SCHEDULES

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

Data Control Codes		211 ESEA I, A Improving Basic Program	255 ESEA II, A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	276 Title I - SIP Academy Grant
ASSETS					
1110	Cash and Cash Equivalents	\$ (80,661)	\$ (12,258)	\$ (1,659)	\$ -
1240	Due from Other Governments	103,887	15,118	1,659	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 23,226</u>	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	23,226	2,860	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>23,226</u>	<u>2,860</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 23,226</u>	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-1 (Cont'd)

282 ESSER-School Emergency Relief III	289 Other Federal Special Revenue Funds	314 SSA IDEA, Part B Preschool	410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	461 High School Campus Activity Fund	462 Athletics Campus Activity Fund
\$ (21,370)	\$ -	\$ (12,696)	\$ 5,000	\$ (25,000)	\$ 122,547	\$ 2,578	\$ 17,827
90,403	2,218	16,788	-	25,000	-	-	-
-	-	-	-	-	108	-	-
<u>\$ 69,033</u>	<u>\$ 2,218</u>	<u>\$ 4,092</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 122,655</u>	<u>\$ 2,578</u>	<u>\$ 17,827</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 784	\$ -	\$ -
69,033	2,218	4,092	-	-	16,358	-	-
-	-	-	5,000	-	-	-	-
<u>69,033</u>	<u>2,218</u>	<u>4,092</u>	<u>5,000</u>	<u>-</u>	<u>17,142</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	105,513	-	-
-	-	-	-	-	-	2,578	17,827
-	-	-	-	-	105,513	2,578	17,827
<u>\$ 69,033</u>	<u>\$ 2,218</u>	<u>\$ 4,092</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 122,655</u>	<u>\$ 2,578</u>	<u>\$ 17,827</u>

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

Data Control Codes		463 Band Campus Activity Fund	464 Middle School Campus Activity Fund	465 Elementary Campus Activity Fund	466 Admin Campus Activity Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ 1,702	\$ 20,335	\$ 15,065	\$ 63,429
1240	Due from Other Governments	-	-	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 1,702</u>	<u>\$ 20,335</u>	<u>\$ 15,065</u>	<u>\$ 63,429</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 859	\$ -
2160	Accrued Wages Payable	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>859</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	<u>1,702</u>	<u>20,335</u>	<u>14,206</u>	<u>63,429</u>
3000	Total Fund Balances	<u>1,702</u>	<u>20,335</u>	<u>14,206</u>	<u>63,429</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,702</u>	<u>\$ 20,335</u>	<u>\$ 15,065</u>	<u>\$ 63,429</u>

467 Scholarship Campus Activity Fund	Total Nonmajor Governmental Funds
\$ 6,862	\$ 101,701
-	255,073
-	108
<u>\$ 6,862</u>	<u>\$ 356,882</u>
\$ -	\$ 1,643
-	117,787
-	5,000
<u>-</u>	<u>124,430</u>
-	105,513
<u>6,862</u>	<u>126,939</u>
<u>6,862</u>	<u>232,452</u>
<u>\$ 6,862</u>	<u>\$ 356,882</u>

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

Data	211	255	270	276
Control	ESEA I, A	ESEA II, A	ESEA VI, Pt B	Title I - SIP
Codes	Improving	Training and	Rural & Low	Academy
	Basic Program	Recruiting	Income	Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	326,409	53,075	24,377	14,938
5020 Total Revenues	326,409	53,075	24,377	14,938
EXPENDITURES:				
Current:				
0011 Instruction	234,942	14,263	24,377	14,938
0013 Curriculum and Instructional Staff Development	68,181	24,127	-	-
0021 Instructional Leadership	-	675	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	23,286	14,010	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	326,409	53,075	24,377	14,938
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

282	289	314	410	429	459	461	462
ESSER-School	Other Federal	SSA	State	Other State	Other SSA	High School	Athletics
Emergency	Special	IDEA, Part B	Instructional	Special	Special	Campus	Campus
Relief III	Revenue Funds	Preschool	Materials	Revenue Funds	Revenue Funds	Activity Fund	Activity Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10,112	\$ 12,615
-	-	-	23,979	25,000	359,355	-	-
90,403	29,191	43,036	-	-	-	-	-
90,403	29,191	43,036	23,979	25,000	359,355	10,112	12,615
85,717	29,191	43,036	4,479	-	252,356	-	-
-	-	-	19,500	-	-	-	-
-	-	-	-	-	6,681	-	-
4,686	-	-	-	-	2,289	-	-
-	-	-	-	-	150	-	-
-	-	-	-	-	1,693	-	-
-	-	-	-	-	-	11,653	10,347
-	-	-	-	-	20,644	-	-
-	-	-	-	-	47,052	-	-
-	-	-	-	25,000	-	-	-
90,403	29,191	43,036	23,979	25,000	330,865	11,653	10,347
-	-	-	-	-	28,490	(1,541)	2,268
-	-	-	-	-	77,023	-	-
-	-	-	-	-	-	4,119	15,559
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,513	\$ 2,578	\$ 17,827

NEW BOSTON 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	463 Band Campus Activity Fund	464 Middle School Campus Activity Fund	465 Elementary Campus Activity Fund	466 Admin Campus Activity Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 8,412	\$ 30,157	\$ 4,057
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	8,412	30,157	4,057
EXPENDITURES:				
Current:				
0011 Instruction	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	8,089	29,627	9,776
0041 General Administration	-	-	-	201
0051 Facilities Maintenance and Operations	-	-	-	9,300
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	-	8,089	29,627	19,277
1200 Net Change in Fund Balance	-	323	530	(15,220)
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment	1,702	20,012	13,676	78,649
3000 Fund Balance - August 31 (Ending)	\$ 1,702	\$ 20,335	\$ 14,206	\$ 63,429

467		Total	
Scholarship		Nonmajor	
Campus		Governmental	
Activity Fund		Funds	
\$	165	\$	65,518
	-		408,334
	-		581,429
	165		1,055,281
<hr/>			
	-		703,299
	-		111,808
	-		7,356
	-		6,975
	-		37,446
	-		1,693
	500		69,992
	-		20,845
	-		56,352
	-		25,000
	500		1,040,766
<hr/>			
	(335)		14,515
	-		77,023
	7,197		140,914
<hr/>			
\$	6,862	\$	232,452
<hr/>			

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	\$ Various
2013	1.170000	0.244000	359,896,585
2014	1.170000	0.244000	392,185,082
2015	1.170000	0.244000	406,229,048
2016	1.170000	0.244000	352,609,279
2017	1.170000	0.244000	354,060,647
2018	1.170000	0.244000	366,480,552
2019	1.170000	0.240000	391,908,298
2020	1.068350	0.271850	393,621,292
2021 (School year under audit)	1.054700	0.258300	399,872,277
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
\$ 92,346	\$ -	\$ 3,036	\$ 351	\$ (6,067)	\$ 82,892
15,486	-	971	185	(1,035)	13,295
15,358	-	1,126	231	(1,045)	12,956
24,111	-	1,762	361	(1,291)	20,697
23,062	-	1,619	332	(872)	20,239
30,531	-	4,308	882	(881)	24,460
40,786	-	10,013	2,095	(738)	27,940
65,519	-	20,342	4,167	(1,916)	39,094
133,299	-	52,363	13,321	(3,389)	64,226
-	5,250,323	4,120,273	1,010,827	5,578	124,801
<u>\$ 440,497</u>	<u>\$ 5,250,323</u>	<u>\$ 4,215,813</u>	<u>\$ 1,032,752</u>	<u>\$ (11,656)</u>	<u>\$ 430,599</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 943,556	\$ 943,556	\$ 1,050,952	\$ 107,396
5800 State Program Revenues	16,174	16,174	79,216	63,042
5020 Total Revenues	959,730	959,730	1,130,168	170,438
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	310,000	310,000	310,000	-
0072 Interest on Long-Term Debt	647,730	647,730	647,730	-
0073 Bond Issuance Cost and Fees	2,000	2,000	900	1,100
6030 Total Expenditures	959,730	959,730	958,630	1,100
1200 Net Change in Fund Balances	-	-	171,538	171,538
0100 Fund Balance - September 1 (Beginning)	1,030,824	1,030,824	1,030,824	-
3000 Fund Balance - August 31 (Ending)	\$ 1,030,824	\$ 1,030,824	\$ 1,202,362	\$ 171,538

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

New Boston Independent School District

Fiscal Year 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.	1,383,748
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	673,525

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.	18,816
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	11,377

**COMPLIANCE, INTERNAL CONTROL, AND
FEDERAL AWARDS SECTION**



WILF & HENDERSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

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

Independent Auditor's Report

Board of Trustees
New Boston Independent School District
201 Rice Street
New Boston, TX 75570

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Boston 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 6, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

December 6, 2021



WILF & HENDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

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

Independent Auditor's Report

Board of Trustees
New Boston Independent School District
201 Rice Street
New Boston, TX 75570

Members of the Board:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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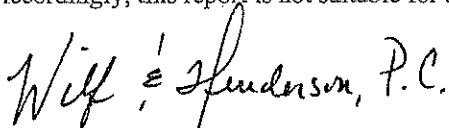
Report on Internal Control Over Compliance

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

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

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

This purpose of this report in 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

December 6, 2021

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

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the New Boston Independent School District was an unmodified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instance of noncompliance material to the financial statements of the New Boston Independent School District was disclosed during the audit.
- d. No significant deficiency or material weakness relating to the audit of the major federal award program is reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. No audit findings relative to the major federal awards programs was disclosed by the audit that was required to be reported under 2 CFR 200.516(a).
- g. The program tested as major programs was:

COVID-19 Elementary & Secondary School Relief Emergency Relief Fund II	CFDA# 84.425D
COVID-19 Prior Purchase Reimbursement Program	CFDA# 84.425D
COVID-19 Elementary & Secondary School Relief Emergency Relief Fund III	CFDA# 84.425U

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. New Boston Independent School District was determined to be a low-risk auditee.

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

No findings were required to be reported.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

No findings required to be reported.

**NEW BOSTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021**

There were no prior year audit findings or questioned costs.

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

There were no current year audit findings or questioned costs.

NEW BOSTON 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
DEPARTMENT OF THE TREASURY			
<u>Passed Through - Texas Department of Emerg. Manag.</u>			
Coronavirus Relief Fund	21.019	2020-CF-21019	\$ 8,126
Total Passed Through - Texas Department of Emerg. Manag.			8,126
TOTAL DEPARTMENT OF THE TREASURY			8,126
U.S. DEPARTMENT OF DEFENSE			
<u>Passed Through Texas State Comptroller</u>			
Federal Flood Control	12.106	N/A	75
Total Passed Through Texas State Comptroller			75
TOTAL U.S. DEPARTMENT OF DEFENSE			75
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874	84.041	N/A	30,106
Total Direct Programs			30,106
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21-610101019905	297,748
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22-610101019905	29,006
Total Assistance Listing Number 84.010A			326,754
*SSA - IDEA - Part B, Formula	84.027	20-6600010199056600	82,864
*SSA - IDEA - Part B, Formula	84.027	21-6600010199056600	944,447
*SSA - IDEA - Part B, Formula	84.027	22-6600010199056600	113,557
Total Assistance Listing Number 84.027			1,140,868
*SSA - IDEA - Part B, Preschool	84.173	21-6610010199056610	38,944
*SSA - IDEA - Part B, Preschool	84.173	22-661001019905661	4,092
Total Assistance Listing Number 84.173			43,036
Total Special Education Cluster (IDEA)			1,183,904
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	20-696001019905	1,094
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	21-696001019905	23,283
Total Assistance Listing Number 84.358B			24,377
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20-694501019905	6,622
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21-694501019905	43,593
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22-694501019905	2,860
Total Assistance Listing Number 84.367A			53,075
Title I SIP Academy Grant	84.377A	17610740019905	15,154
COVID-19 ESSER School Emergency Relief II	84.425D	21-521001019905	1,044,630
COVID-19 ESSER School Emergency Relief III	84.425U	21-528001019905	90,403
COVID-19 Prior Purchase Reimbursement Program	84.425D	52102035	82,232
Total Assistance Listing Number 84.425			1,217,265

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
Title IV, Part A	84.424A	21-680101019905	26,973
Title IV, Part A	84.424A	22-680101019905	2,218
Total Assistance Listing Number 84.424A			<u>29,191</u>
Total Passed Through State Department of Education			<u>2,849,720</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,879,826</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,888,027</u></u>

*Clustered Programs as required by Compliance Supplement 2021

NEW BOSTON 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 *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted or committed to 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 and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. 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, the Expendable Trust Funds, and Agency Funds. 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 made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

The District has elected to not use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.

- 3 The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Uniform Guidance.
4. Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.

A reconciliation of federal revenues and expenditures is as follows:

General Fund	460,981
ESSER - School Emergency Relief II	889,333
SSA - IDEA Part B Formula	1,140,868
Other Special Revenue Funds	581,429
Less : SSA - School Health and Related Services (SHARS)	(154,253)
Less: E-Rate	(30,331)
	<u>2,888,027</u>

SCHOOLS FIRST QUESTIONNAIRE

New Boston Independent School District

Fiscal Year 2021

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0