

LONGVIEW INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

Longview Independent School District
Annual Financial Report
For The Year Ended August 31, 2021

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Introductory Section

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CERTIFICATE OF BOARD

Longview Independent School District
Name of School District

Gregg
County

092-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved disapproved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on the 14th day of February, 2022.

Dr. Troy Simmons
Signature of Board Secretary

Shandreka Bauer
Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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Financial Section

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Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
Brenda A. Johnson



4000 S. Medford Drive
Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Longview Independent School District
Longview, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Longview 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 District'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 District'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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Auditor's Responsibility - Continued

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 5 through 11 and 44 through 52 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 Longview Independent School District's basic financial statements. The introductory and other supplementary information sections, which include the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Report on the Financial Statements – Continued

Other Matters - Continued

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2022 on our consideration of Longview 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 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 Longview 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 Longview Independent School District's internal control over financial reporting and compliance.



ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
February 8, 2022

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MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of Longview Independent School District (“District”), discuss and analyze the District’s financial performance for the fiscal year ended August 31, 2021. This section of the annual financial report should be considered in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

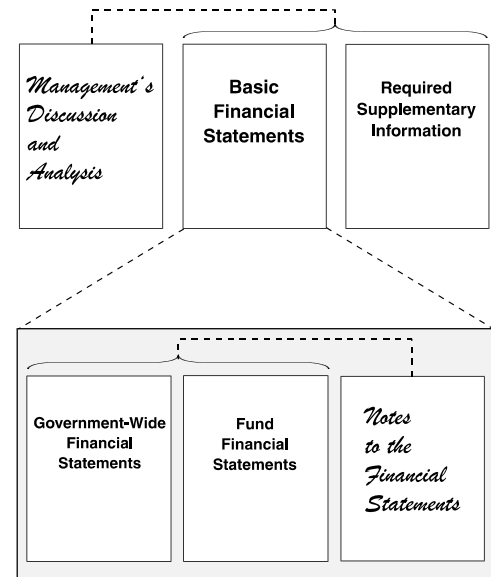
- The District’s total combined Government-wide net position, increased \$23+ million to \$109,698,646 at 8/31/21.
- The District’s Governmental Funds balance was \$73,264,286, an increase of \$16,486,945 at 8/31/21. The District reported Unassigned General Fund balance of \$46,276,375 for the same year ending.
- The District’s total combined Government-wide Program and General Revenues increased from \$128.6 to \$146.171 million for fiscal year ending 8/31/21.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

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

Figure A-1. Required Components of the District’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

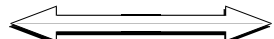
Summary  Detail

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows, liabilities, and deferred inflows—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

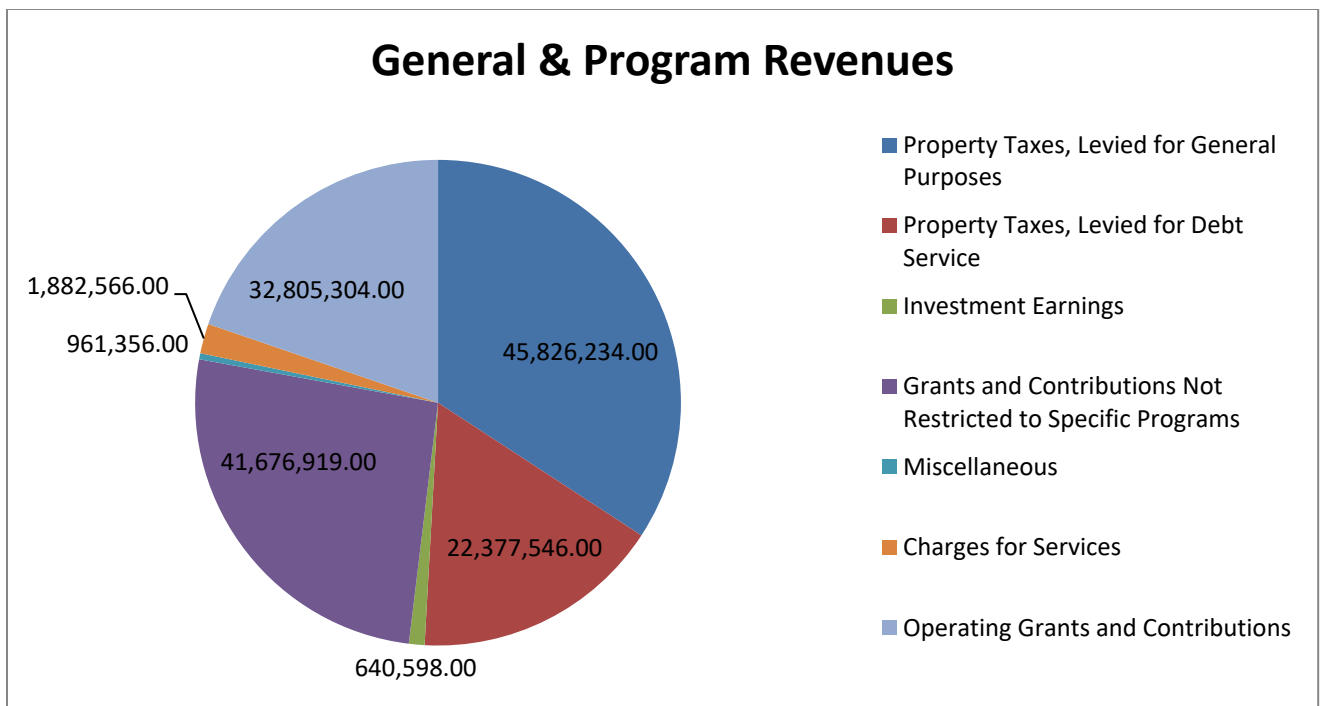
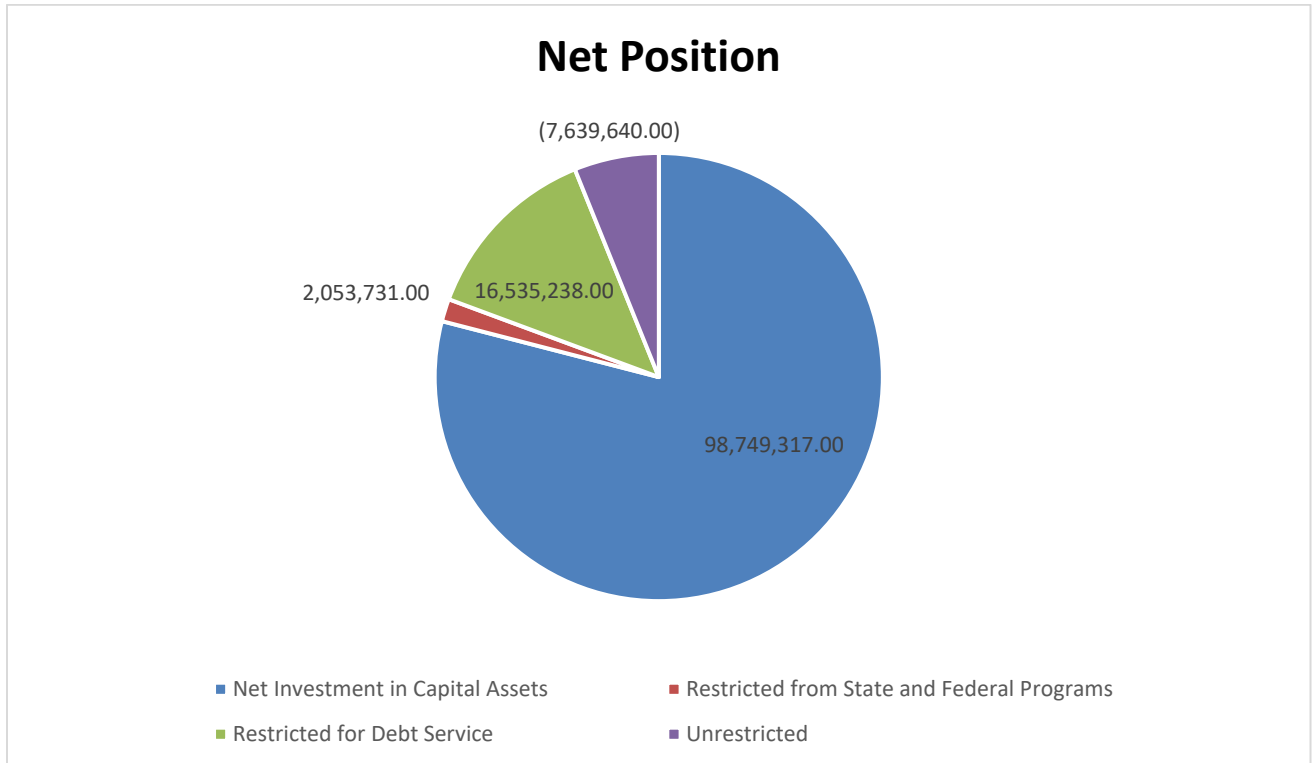
Net position. The District's combined net position was \$109,698,646 at 8/31/21. (See Table A-1).

Table A-1
Longview Independent School District's Net Position
(In millions of dollars)

Governmental Activities	2020	2021	Percentage Change 2020-21
Current Assets:			
Cash and Cash Equivalents	33.344	41.547	24.60%
Current Investments	16.645	14.120	-15.17%
Property Taxes Receivable	4.051	4.058	0.17%
Due from Other Governments	6.044	17.656	192.12%
Accrued Interest	.017	.017	0.00%
Other Receivables	.207	2.073	901.45%
Inventories – at cost	.903	.439	-51.38%
Prepaid Items	.606	.128	-78.88%
Total Current Assets	61.817	80.038	29.48%
Noncurrent Assets:			
Bldg., Furn. & Eqmt., CIP, net	260.610	253.899	-2.57
Long-Term Investments	5.999	6.598	9.99%
Land	14.705	14.705	0.00%
Total Noncurrent Assets	281.314	275.202	-2.17%
Total Assets	343.131	355.240	3.53%
Total Deferred Outflows of Resources	29.975	29.186	-2.63%
Current Liabilities:			
Accounts Payable and Accrued Liabilities	7.383	7.947	7.64%
Bonds and Notes Payable	16.173	14.557	-9.99%
Due to Other Governments	.024	1.839	7562.50%
Unearned Revenue	.324	0.378	16.67%
Total Current Liabilities	23.904	24.721	3.418%
Long-term Liabilities:			
Bonds and Notes Payable	179.883	165.326	-8.09%
Net Pension and OPEB Liabilities	60.815	56.840	-6.53%
Total Liabilities	264.602	246.887	-6.69%
Total Deferred Inflows of Resources	22.598	27.841	23.20%
Net Position:			
Net investment in Capital Assets	90.169	98.749	9.52%
Restricted	14.427	18.589	28.85%
Unrestricted	-18.690	-7.639	-59.12%
Total Net Position	85.906	109.699	27.70%

Restricted Net Position is dedicated to various uses, namely: debt service, state and federal programs, capital projects, and campus activities. The unrestricted net position deficit of (\$7,639,640) is primarily due to reporting the net pension and OPEB liabilities in accordance with GASB 68 and GASB 75. Those liabilities are reported in the governmental activities; however, the actual liabilities do not require the use of current resources at the fund level.

The figures below illustrate the financial breakdown of the District as a whole.



Governmental Activities

- The District's Receivable from Other Governments increased \$11.612 million as a result of ESSER funding, days of instruction in August, and amounts owed the District from other Federal grants.
- The District's Other Receivables increase of \$1.866 million reflects the activity of the charter partners at 8/31/21.

Table A-2
Changes in Longview Independent School District's Net Position
(In millions of dollars)

Governmental Activities			Percentage Change
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>
Program Revenues:			
Charges for Services	2.537	1.883	-25.78%
Grants and Contributions	25.411	32.805	20.10%
General Revenues			
Property Taxes	65.453	68.204	4.20%
State Aid	33.370	41.677	24.89%
Investment Earnings	1.344	0.641	-52.31%
Other	.529	0.961	81.66%
Total Revenues	<u>128.644</u>	<u>146.171</u>	<u>13.62%</u>
Expenses:			
Instruction	66.804	67.933	1.69
Instructional Resources and Media Services	0.640	0.751	17.34
Curriculum Dev. and Instructional Staff Dev.	3.168	1.351	-57.35
Instructional Leadership	3.889	4.005	2.98%
School Leadership	5.404	5.351	-0.98
Guidance, Counseling and Evaluation Services	4.179	4.001	-4.26
Social Work Services	0.069	0.072	4.35
Health Services	1.056	1.566	48.30
Student (Pupil) Transportation	3.798	3.980	4.79%
Food Services	5.609	5.128	-8.58
Curricular/Extracurricular Activities	3.043	2.982	-2.00
General Administration	2.921	3.350	14.69
Plant Maintenance & Oper.	9.667	11.237	16.24
Security & Monitoring Svcs.	0.689	0.871	26.42
Data Processing Services	1.200	1.360	13.33%
Community Services	1.302	1.426	9.52
Debt Service	5.296	5.190	-2.00%
Bond Issuance Costs	1.145	0.892	-22.10%
Facilities Acquisition and Construction	0.000	0.000	0%
Other			
Intergovernmental Charges	0.759	0.932	-22.79
Total Expenses	<u>120.638</u>	<u>122.378</u>	<u>1.44%</u>
Increase (Decrease) in Net Position	8.006	23.793	197.19
Beginning Net Position	77.900	85.906	10.28
Prior Period Adjustment	-	-	-
Ending Net Position	<u>85.906</u>	<u>109.699</u>	<u>27.70</u>

Table A-3 (below) presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$122,377,977.
- The amount received from taxpayers for these activities was \$68,203,780.
- Some of the cost was paid by those who directly benefited from the programs, totaling \$1,882,566, or by grants and contributions totaling \$32,805,304.

Table A-3
Net Cost of Longview Independent School District Functions
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	<u>2020</u>	<u>2021</u>	<u>% Change</u>	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Instruction	70.611	70.035	-0.82%	53.478	48.674	-8.98%
School Administration	9.293	9.356	0.68%	6.887	6.783	-1.51%
Student Support Services	17.754	17.729	-0.14%	11.337	9.888	-12.78%
Plant Maintenance & Operations	9.667	11.237	16.24%	9.219	9.886	7.24%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

Actual expenditures were \$17,894,437 below final budget amounts. The most significant variance resulted from the utilization of ESSER grants to pay teacher salaries and to reclassify district transportation and maintenance expenditures. Additionally, the District received a PPRP grant to cover \$1.1 million for technology expenditures. During the year, certain budget amendments were passed to address changes in planned expenditures for the District. Some projects were not complete at 8/31/21 resulting in budgeted funds not being used.

Revenues generated were \$3,940,347 above the final budgeted amount. The positive variance is attributed to TEA hold harmless for low attendance rates which are still affected by prolonged Covid impacts. Funding was based on an ADA of 7,921; actual ADA for the District was 7,628. The hold harmless provision only applies to the 2020-21 school year. District tax collections exceeded expectations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$268,604,475 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4) This amount represents a net decrease (including additions and deductions) of \$6,711,115 or -2.44% over the prior year.

Table A-4
Longview Independent School District's Capital Assets
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	<u>2020</u>	<u>2021</u>	<u>2020-2021</u>
Land	14.705	14.705	-
Buildings and improvements	326.221	326.230	-
Vehicles	6.934	7.597	9.56%
Equipment	18.752	20.363	8.59%
Construction in progress	.326	.075	-76.99%
Totals at historical cost	366.947	368.970	.55%
Total accumulated depreciation	91.632	100.365	9.53%
Net capital assets	<u>275.315</u>	<u>268.605</u>	<u>-2.44%</u>

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$166,382,000 in bonds and notes outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
Longview Independent School District's Long Term Debt
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>
Bonds Payable	170.685	157.160	-7.92%
Maintenance Tax Note	.688	.347	-49.56%
Accreted Interest on CABs	.216	.238	10.19%
Premiums on Issue of Bonds	15.808	13.501	-14.59%
QSC Bonds	8.875	8.875	0.00%
Total Bonds and Notes Payable	<u>196.272</u>	<u>180.121</u>	<u>-8.23</u>

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying, unenhanced ratings as follows: Standard & Poor's "AA-" and Fitch "AA".

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2021-22 General Operating adopted budget totaled \$87,756,621, a decrease of \$2,443,596 from the 2020-2021 original budget. The state hold harmless was only in effect for 2020-21. A lower state revenue reflects a declined ADA which continues to be impacted by Covid. The District set the 2021-22 M&O tax rate at \$0.9417 and the I&S rate at \$0.4730. Also, the total certified valuation of all taxable property for the 21-22 budgets totaled \$5,092,911,578.

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 demonstrate the District's accountability for the money received. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

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Basic Financial Statements

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LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2021

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	41,547,278
1120	Current Investments		14,119,555
1225	Property Taxes Receivable, Net		4,057,878
1240	Due from Other Governments		17,655,371
1250	Accrued Interest		17,329
1290	Other Receivables, Net		2,073,207
1300	Inventories		439,159
1410	Prepaid Items		127,718
Capital Assets:			
1510	Land		14,705,294
1520	Buildings and Improvements, Net		242,130,986
1530	Furniture and Equipment, Net		11,693,345
1580	Construction in Progress		74,850
1910	Long-Term Investments		6,598,417
1000	Total Assets		355,240,387
DEFERRED OUTFLOWS OF RESOURCES:			
	Deferred Charge on Refundings		10,265,857
	Deferred Outflows Related to Pensions		11,919,225
	Deferred Outflows Related to OPEB		7,000,968
1700	Total Deferred Outflows of Resources		29,186,050
LIABILITIES:			
2110	Accounts Payable		2,543,382
2140	Interest Payable		536,345
2165	Accrued Liabilities		4,867,199
2180	Due to Other Governments		1,838,783
2300	Unearned Revenue		378,506
Noncurrent Liabilities:			
2501	Due Within One Year		14,557,000
2502	Due in More Than One Year		165,325,757
2540	Net Pension Liability		26,830,283
2545	Net OPEB Liability		30,009,851
2000	Total Liabilities		246,887,106
DEFERRED INFLOWS OF RESOURCES:			
	Deferred Inflows Related to Pensions		3,700,523
	Deferred Inflows Related to OPEB		24,140,162
2600	Total Deferred Inflows of Resources		27,840,685
NET POSITION:			
3200	Net Investment in Capital Assets		98,749,317
Restricted For:			
3820	Federal and State Programs		2,053,731
3850	Debt Service		16,535,238
3900	Unrestricted		(7,639,640)
3000	Total Net Position	\$	109,698,646

The accompanying notes are an integral part of this statement.

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LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 67,933,246	\$ 1,218,628	\$ 18,495,748	\$ (48,218,870)
12	Instructional Resources and Media Services	751,374	1,498	407,954	(341,922)
13	Curriculum and Staff Development	1,350,840	3,011	1,234,574	(113,255)
21	Instructional Leadership	4,005,108	6,899	1,944,381	(2,053,828)
23	School Leadership	5,351,026	42,869	578,903	(4,729,254)
31	Guidance, Counseling, and Evaluation Services	4,000,889	10,531	717,825	(3,272,533)
32	Social Work Services	71,598	228	6,421	(64,949)
33	Health Services	1,565,969	5,483	251,470	(1,309,016)
34	Student Transportation	3,980,262	6,076	1,775,503	(2,198,683)
35	Food Service	5,127,932	229,640	4,352,326	(545,966)
36	Cocurricular/Extracurricular Activities	2,982,147	277,770	207,620	(2,496,757)
41	General Administration	3,349,515	10,371	217,714	(3,121,430)
51	Facilities Maintenance and Operations	11,236,549	32,372	1,318,099	(9,886,078)
52	Security and Monitoring Services	871,201	11,325	186,957	(672,919)
53	Data Processing Services	1,360,187	3,678	76,820	(1,279,689)
61	Community Services	1,425,449	22,187	283,205	(1,120,057)
72	Interest on Long-term Debt	5,190,014	--	749,784	(4,440,230)
73	Bond Issuance Costs and Fees	892,429	--	--	(892,429)
99	Other Intergovernmental Charges	932,242	--	--	(932,242)
TG	Total Governmental Activities	<u>122,377,977</u>	<u>1,882,566</u>	<u>32,805,304</u>	<u>(87,690,107)</u>
TP	Total Primary Government	<u>\$ 122,377,977</u>	<u>\$ 1,882,566</u>	<u>\$ 32,805,304</u>	<u>(87,690,107)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				45,826,234
DT	Property Taxes, Levied for Debt Service				22,377,546
IE	Investment Earnings				640,598
GC	Grants and Contributions Not Restricted to Specific Programs				41,676,919
MI	Miscellaneous				961,356
TR	Total General Revenues				<u>111,482,653</u>
CN	Change in Net Position				23,792,546
NB	Net Position - Beginning				85,906,100
NE	Net Position - Ending				<u>\$ 109,698,646</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes	10	
	General Fund	ESSER II of the CRRSA Act
ASSETS:		
1110 Cash and Cash Equivalents	\$ 37,305,891	\$ --
1120 Current Investments	7,040,668	--
1225 Taxes Receivable, Net	2,822,034	--
1240 Due from Other Governments	2,795,025	4,622,172
1250 Accrued Interest	193	--
1260 Due from Other Funds	12,031,468	--
1290 Other Receivables, Net	2,061,723	--
1300 Inventories	55,959	--
1410 Prepaid Items	127,543	--
1000 Total Assets	<u>\$ 64,240,504</u>	<u>\$ 4,622,172</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 1,255,243	\$ --
2150 Payroll Deductions and Withholdings	9,710	--
2160 Accrued Wages Payable	3,367,433	97,556
2170 Due to Other Funds	309	4,524,616
2180 Due to Other Governments	1,819,943	--
2200 Accrued Expenditures	484,086	--
2300 Unearned Revenue	82,674	--
2000 Total Liabilities	<u>7,019,398</u>	<u>4,622,172</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable Property Tax Revenue		
	<u>2,608,272</u>	<u>--</u>
2600 Total Deferred Inflows of Resources	<u>2,608,272</u>	<u>--</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3410 Inventories	55,959	--
3430 Prepaid Items	127,543	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3480 Retirement of Long-Term Debt	--	--
Committed Fund Balances:		
3545 Other Committed Fund Balance	--	--
Assigned Fund Balances:		
3590 Other Assigned Fund Balance	8,152,957	--
3600 Unassigned	46,276,375	--
3000 Total Fund Balances	<u>54,612,834</u>	<u>--</u>
Total Liabilities, Deferred Inflows		
4000 of Resources and Fund Balances	<u>\$ 64,240,504</u>	<u>\$ 4,622,172</u>

The accompanying notes are an integral part of this statement.

ESSER III of the American Rescue Plan Act	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 2,759,278	\$ 1,482,109	\$ 41,547,278
--	13,677,304	--	20,717,972
--	1,235,844	--	4,057,878
2,847,413	--	7,390,761	17,655,371
--	17,136	--	17,329
--	--	309	12,031,777
--	--	11,484	2,073,207
--	--	383,200	439,159
--	--	175	127,718
<u>\$ 2,847,413</u>	<u>\$ 17,689,562</u>	<u>\$ 9,268,038</u>	<u>\$ 98,667,689</u>
\$ --	\$ --	\$ 1,288,139	\$ 2,543,382
--	--	--	9,710
499,505	--	397,912	4,362,406
2,347,908	--	5,158,944	12,031,777
--	18,840	--	1,838,783
--	--	10,997	495,083
--	--	295,832	378,506
<u>2,847,413</u>	<u>18,840</u>	<u>7,151,824</u>	<u>21,659,647</u>
--	1,135,484	--	3,743,756
--	<u>1,135,484</u>	--	<u>3,743,756</u>
--	--	383,200	439,159
--	--	175	127,718
--	--	1,670,531	1,670,531
--	16,535,238	--	16,535,238
--	--	62,308	62,308
--	--	--	8,152,957
--	--	--	46,276,375
<u>--</u>	<u>16,535,238</u>	<u>2,116,214</u>	<u>73,264,286</u>
<u>\$ 2,847,413</u>	<u>\$ 17,689,562</u>	<u>\$ 9,268,038</u>	<u>\$ 98,667,689</u>

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

Total fund balances - governmental funds balance sheet	\$ 73,264,286
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	268,604,475
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	3,743,756
Payables for bond principal which are not due in the current period are not reported in the funds.	(166,035,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(298,087)
Payables for notes which are not due in the current period are not reported in the funds.	(347,000)
The deferred charge for refunding is not recorded in the funds.	10,265,857
District's proportionate share of the collective net pension liability is not reported in the funds.	(26,830,283)
District's proportionate share of the collective deferred inflows of resources related to pension plans is not reported in the funds.	(3,700,523)
District's proportionate share of the collective deferred outflows of resources related to pension plans is not reported in the funds.	11,919,225
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(238,258)
Unamortized bond premiums are reported in the Statement of Net Position but not in the funds.	(13,500,757)
District's proportionate share of the net OPEB liability is not reported in the funds.	(30,009,851)
District's proportionate share of the collective deferred inflows of resources related to the OPEB plan is not reported in the funds.	(24,140,162)
District's proportionate share of the collective deferred outflows of resources related to the OPEB plan is not reported in the funds.	<u>7,000,968</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 109,698,646</u>

The accompanying notes are an integral part of this statement.

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

		10	
Data Control Codes		General Fund	ESSER II of the CRRSA Act
REVENUES:			
5700	Local and Intermediate Sources	\$ 48,737,432	\$ --
5800	State Program Revenues	45,264,202	260,445
5900	Federal Program Revenues	1,710,658	5,841,732
5020	Total Revenues	95,712,292	6,102,177
EXPENDITURES:			
Current:			
0011	Instruction	44,984,392	5,813,159
0012	Instructional Resources and Media Services	400,142	50,927
0013	Curriculum and Staff Development	159,875	--
0021	Instructional Leadership	2,121,307	--
0023	School Leadership	5,103,639	--
0031	Guidance, Counseling, and Evaluation Services	3,465,138	143,729
0032	Social Work Services	70,166	--
0033	Health Services	1,406,029	--
0034	Student Transportation	3,424,779	--
0035	Food Service	197,889	--
0036	Cocurricular/Extracurricular Activities	2,523,195	--
0041	General Administration	3,237,995	--
0051	Facilities Maintenance and Operations	10,015,457	94,362
0052	Security and Monitoring Services	799,266	--
0053	Data Processing Services	1,294,797	--
0061	Community Services	1,227,037	--
0071	Principal on Long-term Debt	1,866,000	--
0072	Interest on Long-term Debt	22,309	--
0073	Bond Issuance Costs and Fees	28,500	--
0081	Facilities Acquisition and Construction	61,500	--
0099	Other Intergovernmental Charges	932,242	--
6030	Total Expenditures	83,341,654	6,102,177
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	12,370,638	--
Other Financing Sources and (Uses):			
7911	Issuance of Tax Maintenance Notes	1,525,000	--
7915	Transfers In	61,702	--
8911	Transfers Out	(600,000)	--
7080	Total Other Financing Sources and (Uses)	986,702	--
1200	Net Change in Fund Balances	13,357,340	--
0100	Fund Balances - Beginning	41,255,494	--
3000	Fund Balances - Ending	\$ 54,612,834	\$ --

The accompanying notes are an integral part of this statement.

ESSER III of the American Rescue Plan Act	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 22,656,424	\$ 600,169	\$ 71,994,025
--	360,034	908,723	46,793,404
2,847,413	389,750	16,273,049	27,062,602
<u>2,847,413</u>	<u>23,406,208</u>	<u>17,781,941</u>	<u>145,850,031</u>
534,972	--	8,860,060	60,192,583
10,136	--	274,038	735,243
--	--	1,187,340	1,347,215
--	--	1,823,757	3,945,064
--	--	143,252	5,246,891
8,327	--	310,628	3,927,822
--	--	--	70,166
--	--	134,521	1,540,550
1,517,703	--	55,998	4,998,480
--	--	4,376,019	4,573,908
--	--	45,645	2,568,840
--	--	--	3,237,995
776,275	--	37,963	10,924,057
--	--	161,762	961,028
--	--	--	1,294,797
--	--	176,061	1,403,098
--	13,525,000	--	15,391,000
--	7,481,546	--	7,503,855
--	3,252	--	31,752
--	--	--	61,500
--	--	--	932,242
<u>2,847,413</u>	<u>21,009,798</u>	<u>17,587,044</u>	<u>130,888,086</u>
--	2,396,410	194,897	14,961,945
--	--	--	1,525,000
--	--	600,000	661,702
--	--	(61,702)	(661,702)
--	--	538,298	1,525,000
--	2,396,410	733,195	16,486,945
--	14,138,828	1,383,019	56,777,341
<u>\$ --</u>	<u>\$ 16,535,238</u>	<u>\$ 2,116,214</u>	<u>\$ 73,264,286</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 16,486,945
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,997,931
The depreciation of capital assets used in governmental activities is not reported in the funds.	(9,645,710)
Disposals of capital assets decrease net position in the SOA but not in the funds.	(63,336)
Certain property tax revenues are unavailable; therefore they are deferred inflows of resources in the funds. This is the change in these amounts this year.	(106,883)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	13,525,000
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	1,866,000
The deferred charge on refunding is amortized in the SOA but not in the funds.	(860,677)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(21,930)
Amount represents the (increase) decrease in accrued interest from beginning of period to end of period.	28,165
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,525,000)
Bond premiums are amortized in the SOA but not in the funds.	2,307,606
Pension contributions made after the measurement date, August 31, 2020, are required to be reported as deferred outflows of resources in the SOA.	2,365,728
District's recognition of its proportional share of collective net pension expense is recorded in the SOA, but not in the funds.	(4,599,884)
OPEB contributions made after the measurement date, August 31, 2020, are required to be reported as deferred outflows of resources in the SOA.	651,304
District's recognition of its proportional share of collective net OPEB benefit is recorded in the SOA, but not in the funds.	387,287
Change in net position of governmental activities - Statement of Activities	\$ <u>23,792,546</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes		Custodial Funds
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 203,670
1000	Total Assets	203,670
	LIABILITIES:	
2000	Total Liabilities	--
	NET POSITION:	
3800	Restricted for Other Purposes	203,670
3000	Total Net Position	\$ 203,670

The accompanying notes are an integral part of this statement.

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

	Custodial Funds
ADDITIONS:	
Other Revenue - Student Activities	\$ 307,531
Total Additions	<u>307,531</u>
DEDUCTIONS:	
Student Activity expense	<u>322,874</u>
Total Deductions	<u>322,874</u>
Change in Fiduciary Net Position	(15,343)
Net Position-Beginning of the Year	--
Prior Period Adjustment	<u>219,013</u>
Net Position-End of the Year	<u><u>\$ 203,670</u></u>

The accompanying notes are an integral part of this statement.

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LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

A. Summary of Significant Accounting Policies

The basic financial statements of Longview Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

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

ESSER II of the CRRSA (ESSER II): This fund accounts for the federal stimulus funds from the Elementary and Secondary Emergency Relief (ESSER) Fund received through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act.

ESSER III of the American Rescue Plan (ESSER III): This fund accounts for the federal stimulus funds from the ESSER Fund received through the American Rescue Plan (ARP) Act of 2021.

In addition, the District reports the following fund types:

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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. The allowance for uncollectible taxes was \$479,934 as of August 31, 2021.

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair value is supplied by the Texas Department of Agriculture and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 - 60
Building Improvements	20
Furniture and equipment	5 - 10

d. Deferred Outflows and 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 or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

For the year ended August 31, 2021, the District has items that qualify for reporting as deferred outflows of resources and deferred inflows of resources. The District reports the deferred outflows and deferred inflows related to the Teacher Retirement System of Texas (TRS) net pension and net OPEB liabilities only on the government-wide Statement of Net Position. Those items are detailed in Notes L and M. The deferred charge on refundings is related to the refunding bonds issued in 2015, 2016, 2017, and 2020. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. On the governmental funds balance sheet, the unavailable property tax revenue is reported as a deferred inflow of resources. This revenue is recognized in the period in which the revenue becomes available.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is not provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, disclosure is provided to disaggregate significant balances in Note F.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

The fiduciary net position of the TRS pension 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 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 the TRS pension plan'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.

5. Other Post-Employment Benefits

The fiduciary net position of the TRS OPEB plan, known as TRS-Care, 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.

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standard is summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 84, *Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds in its fiduciary financial statements. The District reviewed its agency funds for classification under this statement and determined that the funds will be reported in the new fiduciary classification of custodial funds. This reclassification resulted in the restatement of the District's fiduciary financial statements.

7. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

The effective dates for the following pronouncements are postponed:

Statement No. 87, *Leases* (June 15, 2021)
Statement No. 89, *Accounting for Interest Cost Incurred before the
End of a Construction Period* (December 15, 2020)
Statement No. 91, *Conduit Debt Obligations* (December 15, 2021)
Statement No. 92, *Omnibus 2020* (June 15, 2021)
Statement No. 93, *Replacement of Interbank Offered Rates* (June 15, 2021)

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$62,461,278 and the bank balance was \$64,532,315. The District's cash deposits at August 31, 2021 were entirely covered by FDIC insurance, pledged collateral or letters of credit held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The PFIA requires a review of investment practices and controls over investments to be performed in conjunction with the annual financial audit. The District is in compliance with the requirements of the PFIA and with local policies.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

The PFIA determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper, and 11) interest-bearing deposits.

The District's investments at August 31, 2021 consist of non-negotiable certificates of deposits in financial institutions.

3. Analysis of Specific Deposit and Investment Risks

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

At August 31, 2021, there there no deposit or investment risks applicable to the District.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 14,705,294	\$ --	\$ --	\$ 14,705,294
Construction in progress	326,523	74,850	326,523	74,850
Total capital assets not being depreciated	15,031,817	74,850	326,523	14,780,144
Capital assets being depreciated:				
Buildings and improvements	326,229,610	--	--	326,229,610
Furniture and equipment	18,751,702	1,611,053	--	20,362,755
Vehicles	6,934,462	1,575,215	912,753	7,596,924
Total capital assets being depreciated	351,915,774	3,186,268	912,753	354,189,289
Less accumulated depreciation for:				
Buildings and improvements	(76,637,053)	(7,461,571)	--	(84,098,624)
Furniture and equipment	(10,849,544)	(1,669,477)	--	(12,519,021)
Vehicles	(4,145,404)	(514,662)	(912,753)	(3,747,313)
Total accumulated depreciation	(91,632,001)	(9,645,710)	(912,753)	(100,364,958)
Total capital assets being depreciated, net	260,283,773	(6,459,442)	--	253,824,331
Governmental activities capital assets, net	\$ 275,315,590	\$ (6,384,592)	\$ 326,523	\$ 268,604,475

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

Depreciation was charged to functions as follows:

Instruction	\$ 7,576,555
Instructional Resources and Media Services	7,328
Health Services	2,604
Student Transportation	477,043
Food Services	490,238
Extracurricular Activities	436,288
General Administration	64,955
Plant Maintenance and Operations	374,526
Security and Monitoring Services	20,750
Data Processing Services	195,423
	<u>\$ 9,645,710</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2021, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 5,158,944	Short-term advances
General Fund	ESSER II	4,524,616	Short-term advances
General Fund	ESSER III	2,347,908	Short-term advances
Other Governmental Funds	General Fund	309	Short-term advances
	Total	<u>\$ 12,031,777</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2021, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Other Governmental Funds	\$ 600,000	Supplement other funds sources
Other Governmental Funds	General fund	61,702	Reimbursement of prior costs related to COVID-19
	Total	<u>\$ 661,702</u>	

F. Due To/Due From Other Governments

Due from other governments consisted of the following at August 31, 2021:

	General Fund	ESSER II	ESSER III	Other Governmental Funds	Total
Due from State - Days of Instruction	\$ 2,677,705	\$ --	\$ --	\$ --	\$ 2,677,705
Due from State - Grant programs	--	4,622,172	2,847,413	5,120,803	12,590,388
Due from State - Other	54,287	--	--	--	54,287
Due from Federal Agencies	60,469	--	--	2,269,958	2,330,427
Due from Other Governments	2,564	--	--	--	2,564
Total	<u>\$ 2,795,025</u>	<u>\$ 4,622,172</u>	<u>\$ 2,847,413</u>	<u>\$ 7,390,761</u>	<u>\$ 17,655,371</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

At August 31, 2021, due to other governments consisted of the following:

	General Fund	Debt Service Fund	Total
Due to State - EDA revenue	\$ --	\$ 18,840	\$ 18,840
Due to State - Foundation	1,819,943	--	1,819,943
	<u>\$ 1,819,943</u>	<u>\$ 18,840</u>	<u>\$ 1,838,783</u>

G. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, 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 the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 179,560,000	\$ --	\$ 13,525,000	\$ 166,035,000	\$ 14,210,000
Notes from Direct Borrowings and Direct Placements	688,000	1,525,000	1,866,000	347,000	347,000
Total bonds and notes	180,248,000	1,525,000	15,391,000	166,382,000	14,557,000
Unamortized bond premiums	15,808,363	--	2,307,606	13,500,757	--
Accreted interest on CABs	216,328	21,930	--	238,258	--
Total governmental activities	<u>\$ 196,272,691</u>	<u>\$ 1,546,930</u>	<u>\$ 17,698,606</u>	<u>\$ 180,121,015</u>	<u>\$ 14,557,000</u>

2. Bonds Payable

The following is a summary of bonds payable currently outstanding at August 31, 2021:

	Interest Rates	Maturity Date	Amount
Unlimited Tax Qualified School Construction Bonds, Series 2010	2% to 5%	2025	\$ 8,875,000
Unlimited Tax School Building Bonds, Series 2011 - CAB	2% to 5%	2038	180,000
Unlimited Tax Refunding Bonds, Series 2015	2% to 5%	2031	7,375,000
Unlimited Tax Refunding Bonds, Series 2016	2% to 5%	2031	46,675,000
Unlimited Tax Refunding Bonds, Series 2016A	2% to 5%	2036	40,545,000
Unlimited Tax Refunding Bonds, Series 2017	2% to 5%	2037	44,495,000
Unlimited Tax Refunding Bonds, Series 2020	2% to 5%	2024	17,890,000
Total Bonds			<u>\$ 166,035,000</u>

The Unlimited Tax Qualified School Construction Bonds, Series 2010 entitle the District to receive a subsidy payment from the federal government equal to 100% of the amount of each interest payment on these bonds. As a result of congressionally-mandated sequestration, the subsidy payments were reduced by 5.7% in fiscal year 2021. The total amount of subsidy payments received by the District for the year ended August 31, 2021 was \$389,750. The District is required to make mandatory payments of \$595,000 annually into a sinking fund which will be used to pay off the bonds at maturity. The amount deposited in accordance with the sinking fund requirements is \$6,598,417 at August 31, 2021 which is more than the required balance of \$6,495,000.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

3. Maintenance Tax Notes

The District issued \$1,525,000 of Maintenance Tax Notes, Series 2020 on November 9, 2021. The notes were redeemed on July 19, 2021. The interest rate was 1.18%. The amount outstanding at August 31, 2021 is \$0.

4. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2021, are as follows:

Year Ending August 31,	Governmental Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 14,210,000	\$ 6,795,521	\$ 347,000	\$ 3,522
2023	11,590,000	6,158,171	--	--
2024	12,175,000	5,571,171	--	--
2025	16,270,000	4,881,942	--	--
2026	7,845,000	4,417,913	--	--
2027-2031	44,940,000	16,364,219	--	--
2032-2036	54,860,000	6,441,000	--	--
2037-2040	4,145,000	82,900	--	--
Totals	\$ 166,035,000	\$ 50,712,837	\$ 347,000	\$ 3,522

H. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of August 31, 2021, as follows:

Year Ending August 31,	
2022	\$ 298,802
2023	298,802
2024	298,068
2025	148,260
Total Minimum Rentals	\$ 1,043,932
Rental Expenditures in 2021	\$ 298,802

I. Unearned Revenue

Governmental funds report resources that have been received but not yet earned in unearned revenue. At August 31, 2021, unearned revenue consisted of the following:

	General Fund	Other Governmental Funds	Total
Food commodities	\$ --	\$ 249,509	\$ 249,509
Other	82,674	46,323	128,997
Total	\$ 82,674	\$ 295,832	\$ 378,506

J. Fund Balance

At August 31, 2021, fund balance restricted for the retirement of bonded debt consisted of \$6,598,417 for the 2010 Qualified School Construction Bonds and \$9,936,821 for all other debt. The other committed fund balance of \$62,308 is for campus activity funds. The assigned fund balance in the general fund of \$8,152,957 include allocations for transportation, technology, the District's compensation plan, COVID-19 related mitigation and remediation, infrastructure needs and other essentials.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

K. Risk Management

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

The District is a member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The District participates in the Property, Liability, Auto, and Unemployment Compensation Programs.

For the Property, Liability, and Auto programs, the Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves.

The Unemployment Compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation program members.

For the year ended August 31, 2021, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payments of contributions for all programs in which it participates.

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

The District is a participant, along with several other school districts, in the Texas Educational Insurance Association (the Association) for workers' compensation insurance. The Association is administered by Claims Administrative Services, Inc. A stop-loss amount is determined for each plan year based on the District's payroll in relation to the total payroll of all participants.

The accrued liability for workers' compensation self-insurance of \$494,083 includes incurred but not reported claims. This balance is included in accrued liabilities on the Statement of Net Position. Changes in the workers' compensation liability account are as follows:

Fiscal Year	Beginning of Year Balance	Current Claims	Claim Payments	End of Year Balance
2021	\$ 402,723	\$ 218,024	\$ 126,664	\$ 494,083
2020	437,190	77,335	111,802	402,723

L. Pension Plan

1. Plan Description

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

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

2. Pension Plan Fiduciary Net Position

Detail information about TRS' fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, selecting About TRS or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

3. 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 in (1) 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 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 the 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.

4. 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

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

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Employer Contributions (fiscal year)	\$	2,365,728
Member Contributions (fiscal year)		4,569,152
NECE On-Behalf Contributions (measurement year)	\$	3,022,096

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

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 sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

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

5. Actuarial Assumptions

The total 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 Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Last year ending August 31 in Projection Period	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
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 report dated November 14, 2019.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

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

Based on 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 percent. 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 System's target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation % *	Long-Term Expected Geometric Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	(0.70)%	(0.05)%
Absolute Return (including Credit Sensitive Investments)	-	1.80%	-
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources & Infrastructure	6.00%	6.00%	0.42%
Commodities	-	0.08%	-
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	(1.50)%	(0.03)%
Asset Allocation Leverage	(6.00%)	(1.30)%	0.08%
Inflation Expectation			2.00%
Volatility Drag ***			(0.67)%
Total	100.0%		7.33%
* Target allocations are based on the FY2020 policy model. ** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020) *** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

7. Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using a discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability	\$ 41,371,817	\$ 26,830,283	\$ 15,015,606

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2021, the District reported a liability of \$26,830,283 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 26,830,283
State's proportionate share that is associated with District	<u>39,228,429</u>
Total	<u>\$ 66,058,712</u>

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

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.0500957905%, which was an increase (decrease) of 0.0027913052% 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, the District recognized pension expense of \$4,718,309 and revenue of \$4,718,309 for support provided by the State. The District also recognized their proportionate share of pension expense of \$4,599,884.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 48,990	\$ 748,762
Changes in actuarial assumptions	6,225,580	2,647,073
Difference between projected and actual investment earnings	543,156	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,735,771	304,688
Contributions paid to TRS subsequent to the measurement date	<u>2,365,728</u>	<u>--</u>
Total	<u>\$ 11,919,225</u>	<u>\$ 3,700,523</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

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

Measurement Year Ended August 31,	Pension Expense Amount
2021	\$ 1,435,603
2022	1,800,770
2023	1,738,489
2024	809,579
2025	17,158
Thereafter	51,375

M. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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.

2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

3. Benefits Provided

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

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

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

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

4. 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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent 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.

	Contribution Rates	
	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
Employer Contributions (fiscal year)		\$ 651,304
Member Contributions (fiscal year)		385,706
NECE On-Behalf Contributions (measurement year)	\$ 806,276	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB Program). When 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 \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

5. 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	Salary Increases
Rates of Disability	

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

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

Additional Actuarial Methods and Assumptions:

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

The healthcare trend rates consist of separate medical and prescription rates. The initial medical trend rates were 9.00% and 7.30% for Medicare retirees and non-Medicare retirees, respectively. The initial prescription trend rate was 9.00% for all retirees. These initial trend rates decrease to an ultimate trend rate of 4.5% over a period of 13 years.

6. Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. This was a decrease of 0.30% in the discount rate since the previous year. Because the plan is essentially a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal 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.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage point lower than and 1 percentage 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%)
District's proportionate share of net OPEB liability	\$ 36,011,753	\$ 30,009,851	\$ 25,269,211

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At August 31, 2021, the District reported a liability of \$30,009,851 for its proportionate share of the TRS' net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 30,009,851
State's proportionate share that is associated with the District	<u>40,326,047</u>
Total	<u>\$ 70,335,898</u>

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

At August 31, 2021, the District's proportion of the collective net OPEB liability was 0.0789431372%, which is an increase (decrease) of 0.0023425685% from its proportion measured as of August 31, 2019.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of net OPEB liability	\$ 24,514,204	\$ 30,009,851	\$ 37,329,277

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

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$(280,009) and revenue of \$(280,009) for support provided by the State. The District also recognized their proportionate share of OPEB expense of \$(387,287).

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,571,304	\$ 13,734,042
Changes in actuarial assumptions	1,850,984	8,240,860
Differences between projected and actual investment earnings	9,752	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,917,624	2,165,260
Contributions paid to TRS subsequent to the measurement date	651,304	
Total	\$ 7,000,968	\$ 24,140,162

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

Measurement Year Ended August 31,	OPEB Expense Amount
2021	\$ (3,058,641)
2022	(3,059,945)
2023	(3,060,690)
2024	(3,060,486)
2025	(2,258,911)
Thereafter	(3,291,825)

N. Employee Health Care Coverage

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the Plan). The District is a member of TRS-ActiveCare, a statewide health insurance coverage plan for public school employees. It was established by Chapter 1579, "Texas School Employees Uniform Health Coverage Act", of the Texas Insurance Code. Employees can choose from PPO plans administered by Aetna and CVS Caremark.

The District paid premiums of \$225 per month per employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer.

O. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2021, the subsidy payments received by TRS-Care on behalf of the District were \$261,952.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

P. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2021.

3. Commitments

At August 31, 2021, the District has remaining commitments for several projects as follows:

Vendor	Project	Amount
Hellas Construction	Baseball/Softball Field Renovations	\$ 2,308,020
Sports Design Group	Baseball/Softball Field Renovations	20,500
Schneider Electric	Ag Barn Extension	1,077,906
Schneider Electric	HVAC Project - Phase 2	208,393

4. Charter Partnerships

The Texas Legislature passed Senate Bill 1882 which allows school districts to contract with partners to operate campuses as charter campuses. At August 31, 2021, the District has three charter partners that operate the campuses of the District. Those partners are East Texas Advanced Academies, Texas Council for International Studies, and Longview Educates and Prospers. Each partner has a performance contract with the District that sets out the responsibilities of the partner and the District. TEA has approved each partner and the performance contracts.

The performance contracts are multi-year contracts and have various performance goals that are required to be met by certain timelines. The contracts set out the responsibilities of the partners and the District and address the allocation of funds as well as the calculation of funding. The workbook that reflects the funding computation is included as an Addendum in the original contract; however, it only covers the initial year so it is reviewed annually by the partners and the District. Each year the revenue earned and the actual costs for each partner is reconciled with the net difference being a receivable or payable. At August 31, 2021, the net difference for all three partners was a receivable of \$1,854,678. This amount is included in other receivables.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021

Q. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides deaf education services to the member districts listed below. 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 a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Marshall ISD	\$ 38,955
Pine Tree ISD	36,329
Hallsville ISD	52,083
Kilgore ISD	49,458
Spring Hill ISD	31,078
White Oak ISD	70,033
Hughes Spring ISD	13,128
Carthage ISD	41,581
Beckville ISD	2,626
Tatum ISD	31,078
West Rusk ISD	31,078
New Diana ISD	62,156
Ore City ISD	36,329
Mount Vernon ISD	33,704
Daingerfield ISD	7,877
Jefferson ISD	2,626
Mount Pleasant ISD	67,407
Pittsburg ISD	5,251
Elysian Fields ISD	2,626
Waskom ISD	2,626
Longview ISD	230,675
Total	\$ <u>848,704</u>

R. Risks and Uncertainties

The COVID-19 pandemic developed rapidly early in 2020. Measures taken by various governments to contain the virus have affected economic activity. Various safety and health measures have been implemented by the District to monitor and mitigate the effects of the virus on its students and employees. The District reopened campuses to staff and students in August 2020 for the start of the 2020-2021 school year; however, they continued to offer a virtual/online learning option for the full school year.

As of the date that these financial statements were available to issued, the COVID-19 pandemic is ongoing in the United States as well as around the world. As the spread of COVID-19 continues, the potential impact is difficult to assess.

S. Prior Period Adjustment

The District has adopted GASB Statement No. 84 which is described in Note A. Prior to the implementation of this statement, the District's student activity funds were reported only in the statement of fiduciary net position. After the implementation of this statement, those funds are reported as custodial funds in the statement of fiduciary net position and the statement of changes in fiduciary net position. The effect of reporting student activity funds as custodial funds is an increase to beginning net position of \$219,013 for custodial funds.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 44,905,040	\$ 45,397,231	\$ 48,737,432	\$ 3,340,201
5800	State Program Revenues	44,535,354	45,529,891	45,264,202	(265,689)
5900	Federal Program Revenues	759,823	844,823	1,710,658	865,835
5020	Total Revenues	90,200,217	91,771,945	95,712,292	3,940,347
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	52,988,613	54,820,989	44,984,392	9,836,597
0012	Instructional Resources and Media Services	626,563	563,513	400,142	163,371
0013	Curriculum and Staff Development	977,811	490,593	159,875	330,718
	Total Instruction and Instr. Related Services	54,592,987	55,875,094	45,544,409	10,330,685
Instructional and School Leadership:					
0021	Instructional Leadership	2,260,970	2,607,431	2,121,307	486,124
0023	School Leadership	4,804,137	5,315,959	5,103,639	212,320
	Total Instructional and School Leadership	7,065,107	7,923,390	7,224,946	698,444
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	3,593,891	4,371,239	3,465,138	906,101
0032	Social Work Services	146,924	71,490	70,166	1,324
0033	Health Services	841,088	1,562,885	1,406,029	156,856
0034	Student (Pupil) Transportation	3,426,630	5,423,846	3,424,779	1,999,067
0035	Food Services	273,129	285,589	197,889	87,700
0036	Cocurricular/Extracurricular Activities	2,775,842	2,900,380	2,523,195	377,185
	Total Support Services - Student (Pupil)	11,057,504	14,615,429	11,087,196	3,528,233
Administrative Support Services:					
0041	General Administration	2,963,048	3,474,116	3,237,995	236,121
	Total Administrative Support Services	2,963,048	3,474,116	3,237,995	236,121
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	9,831,778	12,630,588	10,015,457	2,615,131
0052	Security and Monitoring Services	1,035,784	1,029,786	799,266	230,520
0053	Data Processing Services	1,249,900	1,404,363	1,294,797	109,566
	Total Support Services - Nonstudent Based	12,117,462	15,064,737	12,109,520	2,955,217
Ancillary Services:					
0061	Community Services	1,151,103	1,348,162	1,227,037	121,125
	Total Ancillary Services	1,151,103	1,348,162	1,227,037	121,125
Debt Service:					
0071	Principal on Long-Term Debt	330,516	1,866,000	1,866,000	--
0072	Interest on Long-Term Debt	20,990	22,311	22,309	2
0073	Bond Issuance Costs and Fees	--	28,500	28,500	--
	Total Debt Service	351,506	1,916,811	1,916,809	2
Facilities Acquisition and Construction:					
0081	Facilities Acquisition and Construction	1,500	68,352	61,500	6,852
	Total Facilities Acquisition and Construction	1,500	68,352	61,500	6,852

LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
0099	Other Intergovernmental Charges	900,000	950,000	932,242	17,758
	Total Intergovernmental Charges	900,000	950,000	932,242	17,758
6030	Total Expenditures	90,200,217	101,236,091	83,341,654	17,894,437
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(9,464,146)	12,370,638	21,834,784
	Other Financing Sources (Uses):				
7911	Issuance of Tax Maintenance Notes	--	1,525,000	1,525,000	--
7915	Transfers In	--	61,703	61,702	(1)
8911	Transfers Out	--	(600,000)	(600,000)	--
7080	Total Other Financing Sources and (Uses)	--	986,703	986,702	(1)
1200	Net Change in Fund Balance	--	(8,477,443)	13,357,340	21,834,783
0100	Fund Balance - Beginning	--	--	41,255,494	41,255,494
3000	Fund Balance - Ending	\$ --	\$ (8,477,443)	\$ 54,612,834	\$ 63,090,277

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LONGVIEW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHER RETIREMENT SYSTEM OF TEXAS LAST TEN FISCAL YEARS

	2021	2020	2019
District's proportion of the net pension liability (asset)	0.0500957905%	0.0473044853%	0.0433948586%
District's proportionate share of the net pension liability (asset)	\$ 26,830,283	\$ 24,590,350	\$ 23,885,583
State's proportionate share of the net pension liability (asset) associated with the District	39,228,429	34,234,465	37,962,588
Total	\$ 66,058,712	\$ 58,824,815	\$ 61,848,171
District's covered payroll	\$ 54,445,877	\$ 47,008,964	\$ 44,694,561
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.28%	52.31%	53.44%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

Note: Only seven years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

EXHIBIT G-2

2018	2017	2016	2015
0.044817771%	0.04331502%	0.0454482%	0.3156640%
\$ 14,330,309	\$ 16,368,104	\$ 16,065,334	\$ 8,431,822
23,257,852	28,692,856	28,098,134	24,795,916
<u>\$ 37,588,161</u>	<u>\$ 45,060,960</u>	<u>\$ 44,163,468</u>	<u>\$ 33,227,738</u>
\$ 45,172,208	\$ 44,521,502	\$ 44,252,552	\$ 44,688,517
31.72%	36.76%	36.30%	18.87%
82.17%	78.00%	78.43%	83.25%

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	2021	2020	2019
Contractually required contribution	\$ 2,365,728	\$ 2,078,035	\$ 1,649,145
Contributions in relation to the contractually required contribution	(2,365,728)	(2,078,035)	(1,649,145)
Contribution deficiency (excess)	\$ --	\$ --	\$ --
District's covered payroll	\$ 59,339,686	\$ 54,445,877	\$ 47,008,964
Contributions as a percentage of covered payroll	3.99%	3.82%	3.51%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2019 - August 31, 2020.

Note: Only seven years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

EXHIBIT G-3

2018	2017	2016	2015
\$ 1,460,563	\$ 1,468,865	\$ 1,376,229	\$ 1,346,340
(1,460,563)	(1,468,865)	(1,376,229)	(1,346,340)
\$ --	\$ --	\$ --	\$ --
\$ 44,694,561	\$ 45,172,208	\$ 44,521,855	\$ 44,249,237
3.27%	3.25%	3.09%	3.04%

LONGVIEW INDEPENDENT SCHOOL DISTRICT**EXHIBIT G-4**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS

	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)	0.0789431372%	0.0766005687%	0.0732802523%	0.078533395%
District's proportionate share of the net OPEB liability (asset)	\$ 30,009,851	\$ 36,225,348	\$ 36,589,501	\$ 34,151,228
State proportionate share of the collective net OPEB liability (asset) associated with the District	40,326,047	48,135,384	36,694,153	33,938,679
Total	\$ <u>70,335,898</u>	\$ <u>84,360,732</u>	\$ <u>73,283,654</u>	\$ <u>68,089,907</u>
District's covered payroll	\$ 54,445,877	\$ 47,008,964	\$ 44,694,561	\$ 45,172,208
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	55.12%	77.06%	81.87%	75.60%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

Note: Only four years of data are presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

EXHIBIT G-5

	2021	2020	2019	2018
Contractually required contribution	\$ 651,304	\$ 602,845	\$ 541,502	\$ 505,196
Contributions in relation to the contractually required contribution	(651,304)	(602,845)	(541,502)	(505,196)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 59,339,686	\$ 54,445,877	\$ 47,008,964	\$ 44,694,561
Contributions as a percentage of covered payroll	1.10%	1.11%	1.15%	1.13%

Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2019 - August 31, 2020.

Note: Only four years of data are presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2021

Budget

The official budget was prepared for adoption for the general fund in accordance with accounting principles generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be increased at the fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget manager at the revenue object and expenditure function level. The Board has authorized the business office to move funds between functions or objects as long as there is no change to the overall budget.

There is not a legal requirement to adopt a budget for the Education Stabilization Fund; therefore, the District did not adopt a budget for that fund.

Defined Benefit Pension and OPEB Plans

Changes of benefit terms - Pension and OPEB Plans

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

Changes of assumptions and other inputs - Pension Plan

There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period:

Changes of assumptions and other inputs - OPEB Plan

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

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

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

LONGVIEW INDEPENDENT SCHOOL DISTRICTSCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2021

Year 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		1.04		.473		3,851,822,865
2014		1.04		.473		3,905,796,182
2015		1.04		.473		4,011,247,432
2016		1.04		.473		4,027,694,118
2017		1.04		.473		3,990,713,981
2018		1.04		.473		4,101,994,079
2019		1.04		.473		4,207,489,607
2020		.97		.473		4,531,067,290
2021 (School Year Under Audit)		.9664		.473		4,531,067,290

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
\$ 743,833	\$ --	\$ 43,356	\$ 11,337	\$ (62,890)	\$ 626,250
166,611	--	8,462	3,849	(877)	153,423
188,664	--	8,135	3,700	(723)	176,106
648,473	--	13,878	6,311	(400,733)	227,551
295,687	--	17,770	8,082	(2,467)	267,368
373,671	--	50,805	23,106	8,950	308,710
560,062	--	84,821	38,576	3,203	439,868
717,596	--	141,187	64,212	(13,813)	498,384
1,241,032	--	324,001	157,993	(83,338)	675,700
--	67,384,403	44,505,781	21,783,163	68,993	1,164,452
<u>\$ 4,935,629</u>	<u>\$ 67,384,403</u>	<u>\$ 45,198,196</u>	<u>\$ 22,100,329</u>	<u>\$ (483,695)</u>	<u>\$ 4,537,812</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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LONGVIEW INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-2**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 226,933	\$ 134,323	\$ (92,610)
5800	State Program Revenues	151,996	86,053	(65,943)
5900	Federal Program Revenues	3,762,810	4,254,469	491,659
5020	Total Revenues	<u>4,141,739</u>	<u>4,474,845</u>	<u>333,106</u>
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	5,133,563	4,376,019	757,544
	Total Support Services - Student (Pupil)	<u>5,133,563</u>	<u>4,376,019</u>	<u>757,544</u>
	Support Services - Nonstudent Based:			
0051	Plant Maintenance and Operations	38,176	27,938	10,238
	Total Support Services - Nonstudent Based	<u>38,176</u>	<u>27,938</u>	<u>10,238</u>
6030	Total Expenditures	<u>5,171,739</u>	<u>4,403,957</u>	<u>767,782</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(1,030,000)</u>	<u>70,888</u>	<u>1,100,888</u>
	Other Financing Sources (Uses):			
7915	Transfers In	600,000	600,000	--
7080	Total Other Financing Sources and (Uses)	<u>600,000</u>	<u>600,000</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>(430,000)</u>	<u>670,888</u>	<u>1,100,888</u>
0100	Fund Balance - Beginning	724,557	724,557	--
3000	Fund Balance - Ending	<u>\$ 294,557</u>	<u>\$ 1,395,445</u>	<u>\$ 1,100,888</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3**

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 21,458,101	\$ 22,656,424	\$ 1,198,323
5800	State Program Revenues	371,097	360,034	(11,063)
5900	Federal Program Revenues	194,462	389,750	195,288
5020	Total Revenues	<u>22,023,660</u>	<u>23,406,208</u>	<u>1,382,548</u>
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	14,118,748	13,525,000	593,748
0072	Interest on Long-Term Debt	7,481,546	7,481,546	--
0073	Bond Issuance Costs and Fees	3,252	3,252	--
	Total Debt Service	<u>21,603,546</u>	<u>21,009,798</u>	<u>593,748</u>
6030	Total Expenditures	<u>21,603,546</u>	<u>21,009,798</u>	<u>593,748</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	420,114	2,396,410	1,976,296
1200	Net Change in Fund Balance	<u>420,114</u>	<u>2,396,410</u>	<u>1,976,296</u>
0100	Fund Balance - Beginning	14,138,828	14,138,828	--
3000	Fund Balance - Ending	<u>\$ 14,558,942</u>	<u>\$ 16,535,238</u>	<u>\$ 1,976,296</u>

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Lufkin, Texas 75901

Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

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

Board of Trustees
Longview Independent School District
Longview, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Longview Independent School District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Longview Independent School District's basic financial statements, and have issued our report thereon dated February 8, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

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

Compliance and Other Matters

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

Purpose of this Report

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
February 8, 2022

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

Board of Trustees
Longview Independent School District
Longview, Texas

Report on Compliance for Each Major Federal Program

We have audited Longview Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Longview Independent School District's major federal programs for the year ended August 31, 2021. Longview Independent School 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 Longview 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 Longview 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 Longview Independent School District's compliance.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED**

Report on Compliance for Each Major Federal Program - Continued

Opinion on Each Major Federal Program

In our opinion, Longview 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.

Report on Internal Control Over Compliance

Management of Longview 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 Longview Independent School 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 Longview Independent School 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 a 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED**

Report on Internal Control Over Compliance - Continued

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
February 8, 2022

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
One or more material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
One or more significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

2. Federal Awards

Internal control over major programs:			
One or more material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
One or more significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
---	-------------------

Version of compliance supplement used in audit:	<u>July & October 2021</u>
---	--------------------------------

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	<u> </u> Yes	<u> X </u> No
---	-------------------	-----------------

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A - Improving Basic Programs
84.282	Public Charter Schools
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	<u>\$761,681</u>
--	------------------

Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
--	------------------	------------------

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no prior audit findings related to federal awards; therefore, the summary schedule of prior audit findings is not required.		

LONGVIEW INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2021

There are no current year findings; therefore, a corrective action plan is not required.

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

EXHIBIT K-1
Page 1 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
<u>U. S. Department of Agriculture</u>			
CHILD NUTRITION CLUSTER:			
Passed Through Texas Education Agency:			
School Breakfast Program	10.553	71402001	\$ -- \$ 97,411
School Breakfast Program	10.553	71402101	-- 946,704
Total Assistance Listing Number 10.553			-- 1,044,115
National School Lunch Program	10.555	71302001	-- 221,632
National School Lunch Program	10.555	71302101	-- 2,301,010
Passed Through Texas Department of Agriculture:			
National School Lunch Program	10.555	806780706	-- 382,070
National School Lunch Program (Non-cash)	10.555	806780706	-- 296,759
Total Assistance Listing Number 10.555			-- 3,201,471
Total Child Nutrition Cluster			-- 4,245,586
Child and Adult Care Food Program	10.558	806780706	-- 128,033
State Administrative Expenses for Child Nutrition	10.560	806780706	-- 8,882
<u>U. S. Department of the Treasury</u>			
Passed Through Texas Department of Emergency Management:			
Coronavirus Relief Fund	21.019	2020-CF-21019	-- 61,702
<u>U. S. Department of Education</u>			
Direct Program:			
Magnet School Assistance	84.165		-- 2,269,958
SPECIAL EDUCATION (IDEA) CLUSTER:			
Passed Through Texas Education Agency:			
IDEA - Part B, Formula	84.027	206600010929036600	-- 16,167
IDEA - Part B, Formula	84.027	216600010929036600	-- 1,660,416
IDEA - Part B, Discretionary	84.027	216600110929036673	-- 66,980
IDEA - Part B, Formula	84.027	226600010929036600	-- 125,060
IDEA - Part B, Discretionary	84.027	226600110929036673	-- 5,631
Total Assistance Listing Number 84.027			-- 1,874,254
IDEA - Part B, Preschool	84.173	206610010929036610	-- 2,619
IDEA - Part B, Preschool	84.173	216610010929036610	-- 16,069
IDEA - Part B, Preschool	84.173	226610010929036610	-- 1,889
Total Assistance Listing Number 84.173			-- 20,577
Total Special Education (IDEA) Cluster			-- 1,894,831

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

EXHIBIT K-1
Page 2 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
Passed Through Texas Education Agency:			
ESEA, Title I, Part A - Improving Basic Programs	84.010	20610101092903	-- 1,049,155
ESEA, Title I, Part A - Improving Basic Programs	84.010	20610103092903	-- 3,750
ESEA, Title I, Part A - Improving Basic Programs	84.010	206101487110008	-- 845,814
ESEA, Title I, Part A - Improving Basic Programs	84.010	206101487110009	-- 195,991
ESEA, Title I, Part A - Improving Basic Programs	84.010	21610101092903	-- 1,670,430
ESEA, Title I, Part A - Improving Basic Programs	84.010	21610103092903	-- 36,781
ESEA, Title I, Part A - Improving Basic Programs	84.010	22610101092903	-- 169,478
ESEA, Title I, Part A - Improving Basic Programs	84.010	22610103092903	-- 5,982
Total Assistance Listing Number 84.010			-- 3,977,381
Career & Technical - Basic Grant	84.048	21420006092903	-- 113,508
Career & Technical - Basic Grant	84.048	22420006092903	-- 13,334
Total Assistance Listing Number 84.048			-- 126,842
IDEA, Part C, Early Intervention (Deaf)	84.181	213911010929033911	-- 1,374
Public Charter Schools	84.282	205900127110001	-- 770,583
Public Charter Schools	84.282	205900127110002	-- 715,021
Public Charter Schools	84.282	205900127110005	-- 788,946
Public Charter Schools	84.282	205900127110007	-- 222,125
Public Charter Schools	84.282	205900127110008	-- 470,351
Total Assistance Listing Number 84.282			-- 2,967,026
Title III, Part A - English Language Acquisition & Language Enhancement	84.365	21671001092903	-- 68,663
Title III, Part A - English Language Acquisition & Language Enhancement	84.365	22671001092903	-- 645
Total Assistance Listing Number 84.365			-- 69,308
ESEA, Title II, Part A - Teacher & Principal Training & Recruiting	84.367	21694501092903	-- 359,351
ESEA, Title II, Part A - Teacher & Principal Training & Recruiting	84.367	216945797110019	-- 24,717
ESEA, Title II, Part A - Teacher & Principal Training & Recruiting	84.367	20694501092903	-- 47,845
Total Assistance Listing Number 84.367			-- 431,913
Instructional Continuity	84.377	17610740092903	-- 10,500
Title IV, Part A - Student Support & Enrichment Program	84.424	21680101092903	-- 196,107
COVID-19 - Education Stabilization Fund	84.425D	21521001092903	-- 4,622,172
COVID-19 - Education Stabilization Fund	84.425D	52102135	-- 1,219,560
COVID-19 - Education Stabilization Fund	84.425D	20521001092903	-- 229,453
Subtotal for 84.425D			-- 6,071,185
COVID-19 - Education Stabilization Fund	84.425U	21528001092903	-- 2,847,413
Total Assistance Listing Number 84.425			-- 8,918,598

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

EXHIBIT K-1
Page 3 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
<u>U. S. Department of Defense</u>			
Direct Program: Junior ROTC	12.000		-- 81,325
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -- \$ 25,389,366

The accompanying notes are an integral part of this schedule.

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LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2021

Basis of Presentation

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

Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District. Therefore, some amounts may differ from amounts presented in, or used in the preparation of the financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation to Exhibit C-2

The reconciliation of the Schedule to federal program revenues reported in Exhibit C-2 is as follows:

Total federal awards per the Schedule	\$	25,389,366
Other Federal Revenue:		
Qualified School Construction Bonds Interest Subsidy		389,750
School Health and Related Services (SHARS)		1,099,658
Childcare Relief Funds		181,212
Other		<u>2,616</u>
Total federal program revenues per Exhibit C-2	\$	<u><u>27,062,602</u></u>

LONGVIEW INDEPENDENT SCHOOL DISTRICTSCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2021

Data Control Codes		Responses
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 at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	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 that were in effect at the school district's 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	\$ 238,258