

ALTO INDEPENDENT SCHOOL DISTRICT
Alto, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2021

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INTRODUCTORY SECTION

ALTO INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD
August 31, 2021

Alto Independent School District Cherokee 037-901
Name of School District County Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved _____ disapproved for the year ended August 31, 2021, at a meeting of the Board of Trustees of such school district on the 15th day of November, 2021.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Alto Independent School District
Alto, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, fiduciary funds and the aggregate remaining fund information of the District as of August 31, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The introductory information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 District's internal control over financial reporting and compliance.

Lufkin, Texas
November 15, 2021


CERTIFIED PUBLIC ACCOUNTANTS

ALTO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Alto Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

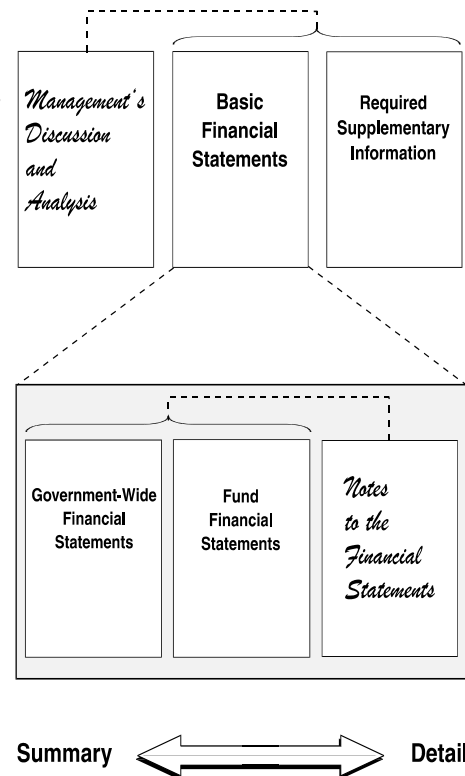
- The District's total combined net position was \$4,668,282 at August 31, 2021.
- During the year, the District's expenses were \$1,045,534 less than the \$11,542,765 generated in taxes and other revenues for governmental activities, excluding extraordinary items.
- The fund balance of the general fund is \$4,770,772 which increased \$1,191,308 from the prior year.

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.
- *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.

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, liabilities, deferred inflows and outflows. 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 they have changed. Net position - the difference between the District's assets, liabilities, deferred inflows and outflows - 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 non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal 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 two 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 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 determine whether there are more or fewer financial resources that can be spent in the 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 fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

Fiduciary Funds - The District is the trustee, or *fiduciary*, for money raised by student activities. 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 assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was \$4,688,282 as of August 31. (See Table A-1).

Table A-1

Alto Independent School District's Net Position

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2021	2020	
Current Assets:			
Cash and cash equivalents	\$ 10 348 758	\$ 14 504 244	(28.65)
Taxes receivable, net	28 961	27 115	6.81
Due from other governments	28 561	72 335	(60.52)
TOTAL CURRENT ASSETS	<u>10 406 280</u>	<u>14 603 694</u>	(28.74)
Noncurrent Assets:			
Land	221 081	221 081	-
Buildings and improvements, net	7 868 955	8 417 542	(6.52)
Furniture, vehicles and equipment, net	575 929	700 024	(17.73)
Construction in progress	6 980 347	519 277	1,244.24
TOTAL NONCURRENT ASSETS	<u>15 646 312</u>	<u>9 857 924</u>	58.72
Deferred Outflows:			
Deferred outflows	2 038 312	1 834 165	11.13
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>28 090 904</u>	<u>26 295 783</u>	6.83
Current Liabilities:			
Accounts payable and accrued liabilities	1 721 093	601 445	186.16
Due within one year	785 000	755 000	3.97
TOTAL CURRENT LIABILITIES	<u>2 506 093</u>	<u>1 356 445</u>	84.75
Long-Term Liabilities:			
Due in more than one year	18 922 965	19 741 544	(4.15)
TOTAL LIABILITIES	<u>21 429 058</u>	<u>21 097 989</u>	1.57
Deferred Inflows:			
Deferred inflows	1 993 564	1 570 046	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>23 422 622</u>	<u>22 668 035</u>	3.33
Net Position:			
Invested in capital assets	10 930 702	8 087 924	35.15
Restricted	393 549	443 639	(11.29)
Unrestricted	(6 655 969)	(4 903 815)	35.73
TOTAL NET POSITION	\$ <u>4 668 282</u>	\$ <u>3 627 748</u>	28.68

Changes in Net Position. The District's total revenues were \$11,542,765. A significant portion, 21 percent, of the District's revenue comes from taxes. (See Figure A-3) 64 percent comes from state aid - formula grants, while only 14 percent relates to operating grants.

The total cost of all programs and services was \$10,497,231; 56 percent of these costs are for instructional and student services.

Table A-2
Changes in Alto School District's Net Position

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2021	2020	
Program Revenues:			
Charges for services	\$ 35 775	\$ 32 717	9.35
Operating grants and contributions	1 544 815	1 710 218	(9.67)
General Revenues:			
Property taxes	2 474 922	2 037 868	21.45
State aid - Formula	7 438 169	7 508 828	(0.94)
Investment earnings	5 321	71 013	(92.51)
Other	43 763	65 341	(33.02)
TOTAL REVENUES	<u>11 542 765</u>	<u>11 425 985</u>	1.02
Instruction	5 893 163	5 726 093	2.92
Instructional resources and media services	92 566	191 748	(51.73)
Curriculum development and instructional staff development	47 298	42 388	11.58
Instructional leadership	197 980	178 344	11.01
School leadership	493 338	496 777	(0.69)
Guidance, counseling and evaluation	380 148	284 032	33.84
Health services	110 174	105 613	4.32
Student transportation	196 011	159 538	22.86
Food services	386 771	409 713	(5.60)
Curricular/extracurricular activities	594 885	590 230	0.79
General administration	536 237	565 122	(5.11)
Plant maintenance and operations	735 248	679 115	8.27
Security and monitoring services	18 539	56 779	(67.35)
Data processing	252 891	152 741	65.57
Interest and fees on long term debt	363 067	254 750	42.52
Bond issuance costs and fees	1 500	212 957	(99.30)
Facilities acquisition and construction	53 978	23 686	127.89
Payments to related SSA's	94 192	118 965	(20.82)
Other intergovernmental charges	49 245	47 933	2.74
TOTAL EXPENSES	<u>10 497 231</u>	<u>10 296 524</u>	1.95
EXCESS OPERATING REVENUES OVER EXPENDITURES (BEFORE EXTRAORDINARY ITEMS)	\$ <u>1 045 534</u>	\$ <u>1 129 461</u>	(7.43)

- The cost of all *governmental* activities this year was \$10,497,231.
- However, the amount that our taxpayers paid for these activities through property taxes was \$2,474,922.
- Some of the cost was paid by those who directly benefited from the programs \$35,775 or by grants and contributions of \$1,544,815.

General Fund Budgetary Highlights

The District's budget compared to actual expenditures was \$1,156,206 under final budget amounts. The District expects no significant changes to the budget for the 2021-2022 year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$15,646,312 in a broad range of capital assets, including land, equipment, buildings, and vehicles (See Table A-3). This amount represents a net increase (including additions and deductions, and depreciation) of \$5,788,388 over last year.

Table A-3
District's Capital Assets

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2021	2020	
Land	\$ 221 081	\$ 221 081	-
Construction in progress	6 980 347	519 277	(2.98)
Buildings and improvements	14 713 452	15 166 079	1.40
Vehicles and equipment	2 090 571	2 061 706	1,244.24
TOTALS AT HISTORICAL COST	24 005 451	17 968 143	33.60
TOTAL ACCUMULATED DEPRECIATION	(8 359 139)	(8 110 219)	(1.31)
NET CAPITAL ASSETS	\$ 15 646 312	\$ 9 857 924	64.73

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

Long-term Liabilities

At year-end the District had \$14,250,000 in long term debt and \$4,509,646 in net pension and OPEB liability as shown in Table A-4. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-4
District's Long-term Liabilities

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2021	2020	
General obligation and building bonds	\$ 11 135 000	\$ 11 700 000	(4.83)
Maintenance tax notes	3 115 000	3 305 000	(5.75)
Net pension liability	2 283 701	1 769 638	29.05
Net OPEB liability	2 225 945	2 691 987	(17.31)
TOTAL LONG-TERM LIABILITIES	\$ 18 759 646	\$ 19 466 625	(3.63)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- General operating fund spending per student is not expected to change significantly in the 2021-2022 school year.
- The District does not expect any significant change in the 2021 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2021. The District will use current resources to finance programs we currently offer.

The District has added no major new programs or initiatives to the 2021-2022 budget.

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 it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

BASIC FINANCIAL STATEMENTS

ALTO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2021

EXHIBIT A-1

DATA CONTROL CODES		1 GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash and cash equivalents	\$ 10 348 758
1225	Property taxes receivable (net allowance of \$115,846)	28 961
1240	Due from other governments	28 561
	Capital Assets:	
1510	Land	221 081
1520	Buildings and improvements, net	7 868 955
1530	Furniture and equipment, net	575 929
1580	Construction in progress	6 980 347
1000	TOTAL ASSETS	<u>26 052 592</u>
	Deferred Outflows:	
	Deferred outflows - Pension	1 207 147
	Deferred outflows - OPEB	831 165
1700	TOTAL DEFERRED OUTFLOWS	<u>2 038 312</u>
	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>28 090 904</u>
	LIABILITIES	
	Current Liabilities:	
2110	Accounts payable	1 298 618
2140	Interest payable	18 706
2150	Payroll and withholding payable	36 243
2165	Accrued liabilities	291 330
2177	Due to fiduciary fund	76 196
2501	Due within one year	785 000
	Noncurrent Liabilities:	
2502	Due in more than one year	13 465 000
2516	Premium on issuance of bond	948 319
2540	Net pension liability	2 283 701
2545	Net OPEB	2 225 945
2000	TOTAL LIABILITIES	<u>21 429 058</u>
	Deferred Inflows:	
	Deferred inflows - Pension	363 557
	Deferred inflows - OPEB	1 630 007
2600	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>23 422 622</u>
	NET POSITION	
3200	Net investment in capital assets	10 930 702
	Restricted for:	
3820	Federal and state programs	229 872
3850	Debt service	163 677
3900	Unrestricted	(6 655 969)
3000	TOTAL NET POSITION	<u>\$ 4 668 282</u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	3 PROGRAM REVENUES		4 OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES
			CHARGES FOR SERVICES			
	Governmental Activities:					
11	Instruction	\$ 5 893 163	\$ -	\$ -	\$ 855 817	\$ (5 037 346)
12	Instruction resources and media services	92 566	-	-	6 304	(86 262)
13	Curriculum and staff development	47 298	-	-	40 162	(7 136)
21	Instructional leadership	197 980	-	-	39 533	(158 447)
23	School leadership	493 338	-	-	40 768	(452 570)
31	Guidance, counseling, and evaluation services	380 148	-	-	32 956	(347 192)
33	Health services	110 174	-	-	-	(110 174)
34	Student transportation	196 011	-	-	14 612	(181 399)
35	Food services	386 771	736	-	431 344	45 309
36	Cocurricular/extracurricular activities	594 885	35 039	-	25 355	(534 491)
41	General administration	536 237	-	-	28 250	(507 987)
51	Plant maintenance and operations	735 248	-	-	11 422	(723 826)
52	Security and monitoring services	18 539	-	-	60	(18 479)
53	Data processing services	252 891	-	-	18 232	(234 659)
72	Interest on long-term debt	363 067	-	-	-	(363 067)
73	Bond issuance costs and fees	1 500	-	-	-	(1 500)
81	Capital outlay	53 978	-	-	-	(53 978)
93	Payments related to shared services arrangements	94 192	-	-	-	(94 192)
99	Other intergovernmental charges	49 245	-	-	-	(49 245)
TG	TOTAL GOVERNMENTAL ACTIVITIES	<u>10 497 231</u>	<u>35 775</u>	<u>-</u>	<u>1 544 815</u>	<u>(8 916 641)</u>
TP	TOTAL PRIMARY GOVERNMENT	\$ <u>10 497 231</u>	\$ <u>35 775</u>	\$ <u>-</u>	\$ <u>1 544 815</u>	\$ <u>(8 916 641)</u>
	General Revenues:					
MT	Property taxes, levied for general purposes					1 717 939
DT	Property taxes, levied for debt service					756 983
IE	Investment earnings					5 321
GC	Grants and contributions not restricted to specific programs					7 438 169
MI	Miscellaneous					43 763
E1	Extraordinary source					219 327
E2	Extraordinary use					(224 327)
TR	TOTAL GENERAL REVENUES					<u>9 957 175</u>
CN	CHANGE IN NET POSITION					1 040 534
NB	Net position - Beginning					<u>3 627 748</u>
NE	NET POSITION - ENDING					\$ <u>4 668 282</u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2021

EXHIBIT C-1

DATA CONTROL CODES		10	60	OTHER GOVERN- MENTAL FUNDS	98
		GENERAL FUND	CAPITAL PROJECTS FUND		TOTAL FUNDS
	ASSETS				
1110	Cash and cash equivalents	\$ 5 211 515	\$ 4 737 147	\$ 400 096	\$ 10 348 758
1225	Taxes receivable, net	19 994	-	8 967	28 961
1240	Due from other governments	-	-	28 561	28 561
1000	TOTAL ASSETS	<u>\$ 5 231 509</u>	<u>\$ 4 737 147</u>	<u>\$ 437 624</u>	<u>\$ 10 406 280</u>
	LIABILITIES AND FUND BALANCE				
	Current Liabilities:				
2110	Accounts payable	\$ 67 588	\$ 1 226 537	\$ 4 493	\$ 1 298 618
2150	Payroll and withholding payable	36 243	-	-	36 243
2160	Accrued wages payable	260 715	-	29 924	290 639
2181	Due to state	76 196	-	-	76 196
2210	Accrued expenses	-	-	691	691
2000	TOTAL LIABILITIES	<u>440 742</u>	<u>1 226 537</u>	<u>35 108</u>	<u>1 702 387</u>
	DEFERRED INFLOWS				
2300	Unearned revenue	19 995	-	8 967	28 962
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>460 737</u>	<u>1 226 537</u>	<u>44 075</u>	<u>1 731 349</u>
	Fund Balances:				
	Restricted:				
3450	State/Federal grants	-	-	229 872	229 872
3480	Retirement of long-term debt	-	-	163 677	163 677
3490	Capital projects	-	3 510 610	-	3 510 610
3550	Assigned - Construction and technology	2 500 000	-	-	2 500 000
3600	Unassigned	2 270 772	-	-	2 270 772
3000	TOTAL FUND BALANCE	<u>4 770 772</u>	<u>3 510 610</u>	<u>393 549</u>	<u>8 674 931</u>
4000	TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 5 231 509</u>	<u>\$ 4 737 147</u>	<u>\$ 437 624</u>	<u>\$ 10 406 280</u>

The accompanying notes are an integral part of this statement.

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

EXHIBIT C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET	\$ 8 674 931
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.	15 646 312
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	28 962
Payables for bond principal which are not due in the current period are not reported in the funds.	(15 198 319)
Payables for bond interest which are not due in the current period are not reported in the funds.	(18 706)
Some Liabilities, Including Net Pension Obligations, are Not Due and Payable in the Current Period and, therefore, are Not Reported in the Funds:	
Net pension liability	(2 283 701)
Net OPEB liability	(2 225 945)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds	843 590
Deferred outflows and inflows or resources related to OPEB are applicable to future periods and therefore, are not reported in the funds	<u>(798 842)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	\$ <u><u>4 668 282</u></u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

EXHIBIT C-2

DATA CONTROL CODES		10 GENERAL FUND	60 CAPITAL PROJECTS FUND	OTHER GOVERN- MENTAL FUNDS	98 TOTAL GOVERN- MENTAL FUNDS
Revenues:					
5700	Local and intermediate sources	\$ 1 800 204	\$ -	\$ 757 731	\$ 2 557 935
5800	State program revenues	6 682 704	-	228 235	6 910 939
5900	Federal program revenues	530 045	-	899 614	1 429 659
5020	TOTAL REVENUES	<u>9 012 953</u>	<u>-</u>	<u>1 885 580</u>	<u>10 898 533</u>
Expenditures:					
Current:					
0011	Instruction	4 420 469	-	460 381	4 880 850
0012	Instructional resources and media services	76 544	-	-	76 544
0013	Curriculum and staff development	7 136	-	40 162	47 298
0021	Instructional leadership	152 410	-	25 031	177 441
0023	School leadership	429 399	-	-	429 399
0031	Guidance, counseling and evaluation services	253 209	-	12 857	266 066
0033	Health services	75 510	-	-	75 510
0034	Student transportation	156 840	-	5 210	162 050
0035	Food services	-	-	340 682	340 682
0036	Cocurricular/extracurricular activities	450 240	-	-	450 240
0041	General administration	485 306	-	1 500	486 806
0051	Plant maintenance and operations	714 378	-	2 165	716 543
0052	Security and monitoring services	18 454	-	-	18 454
0053	Data processing services	227 071	-	-	227 071
0071	Principal on long-term debt	272 600	-	565 000	837 600
0072	Interest on long-term debt	-	-	360 844	360 844
0073	Bond issuance costs and fees	-	-	1 500	1 500
0081	Capital outlay	53 978	6 461 070	-	6 515 048
0093	Payments to SSA	94 192	-	-	94 192
0099	Other intergovernmental charges	49 245	-	-	49 245
6030	TOTAL EXPENDITURES	<u>7 936 981</u>	<u>6 461 070</u>	<u>1 815 334</u>	<u>16 213 385</u>
1100	EXCESS REVENUE OVER (UNDER) EXPENDITURES	<u>1 075 972</u>	<u>(6 461 070)</u>	<u>70 246</u>	<u>(5 314 852)</u>
Other Financing Sources (Uses):					
7919	Extraordinary source - Insurance recovery	219 327	-	-	219 327
8913	Extraordinary use - Tornado cost	(224 327)	-	-	(224 327)
7915	Transfers in	120 852	-	31 397	152 249
8911	Transfers out	(516)	-	(151 733)	(152 249)
	TOTAL OTHER FINANCING SOURCES (USES)	<u>115 336</u>	<u>-</u>	<u>(120 336)</u>	<u>(5 000)</u>
1200	NET CHANGE IN FUND BALANCES	1 191 308	(6 461 070)	(50 090)	(5 319 852)
0100	Fund balance - Beginning	3 579 464	9 971 680	443 639	13 994 783
3000	FUND BALANCE - ENDING	<u>\$ 4 770 772</u>	<u>\$ 3 510 610</u>	<u>\$ 393 549</u>	<u>\$ 8 674 931</u>

The accompanying notes are an integral part of this statement.

ALTO 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

EXHIBIT C-3

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (5 319 852)
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(669 673)
Capital outlays are not reported as expenses in the SOA.	6 522 231
Disposals of capital assets is not reported in the SOA.	(64 170)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1 846
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	836 600
(Increase) decrease in accrued interest, issue cost and premium from beginning of period to end of period.	944
Governmental funds report District pension and OPEB contributions as expenditures in the government wide statements the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.	<u>(267 392)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	<u>\$ 1 040 534</u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 August 31, 2021

EXHIBIT E-1

DATA CONTROL CODES		AGENCY FUNDS
	ASSETS	
1110	Cash and cash equivalents	\$ 62 636
1000	TOTAL ASSETS	\$ <u>62 636</u>
	LIABILITIES	
	Current Liabilities:	
2190	Due to student groups	\$ -
2000	TOTAL LIABILITIES	<u>-</u>
	NET POSITION - HELD IN TRUST	
3000	TOTAL NET POSITION	\$ <u>62 636</u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN NET FIDUCIARY POSITION
 August 31, 2021

EXHIBIT E-2

	CUSTODIAL FUND
Revenues:	
Contributions	\$ <u>142 608</u>
TOTAL REVENUES	<u>142 608</u>
Expenditures:	
Payments to others	<u>127 200</u>
TOTAL EXPENDITURES	<u>127 200</u>
NET CHANGE IN NET POSITION	15 408
Net position - Beginning	<u>47 228</u>
NET POSITION - ENDING	\$ <u><u>62 636</u></u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Alto 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.

A. 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" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation:

Government-wide Financial Statements: The statement of net position and the statement of 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.

Capital Project Fund: This fund is used to account for capital projects.

In addition, the District reports the following fund types:

Debt Service Fund: This debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund: This fund is used to account for financial resources to be used for the acquisition, renovation, or construction of major capital facilities.

Special Revenue Fund: These funds are used to account for the proceeds of specific revenue sources (other than agency funds or capital projects) such as federal, state, or locally financed programs where unused balances are returned to the grantor at the close of specified project periods. Funds are legally restricted to expenditures for specified purposes.

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

ALTO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting:

Government-wide and Fiduciary Fund Financial Statements: These 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.

Fund Balance:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaid expense) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., School Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by School Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Deferred Outflows/Inflows of Resources:

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

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

C. Financial Statement Amounts

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.

GASB Statement No. 77: Tax Abatement Disclosures:

This standard became effective for the District in fiscal year 2020. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

1. Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
2. The gross dollar amount of taxes abated during the period.
3. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

This District does not have any abatements at this time, therefore, the implementation had no effect on the District's financial statements.

Inventories and Prepaid Items:

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Capital Assets:

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' 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:

ASSET CLASS	ESTIMATED USEFUL LIVES
Buildings	15-30
Improvements (including infrastructure)	15-30
Transportation equipment	5-10
Furniture, fixtures and equipment	5-10

Receivable and Payable Balances:

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

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

ALTO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. 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.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the use of management's estimates, that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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 insure accuracy in building a statewide database for policy development and funding plans.

Budgetary Data:

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the National School Breakfast and Lunch Program Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meeting. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. During the fiscal year ended August 31, 2021, the District did not make any significant budget amendments that increased overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are amended by the Board. All budget appropriations lapse at year end.
5. Encumbrances for goods or purchased services are documented by the purchase order or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District did not have any outstanding encumbrances as of August 31, 2021 that were to be provided for in the 2020-2021 budget.

Pensions:

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

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Other Post-Employment Benefits:

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

Subsequent Events:

Management has evaluated subsequent events through November 15, 2021, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

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

At August 31, the bank amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$146,515.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposits. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

NAME	CARRYING AMOUNT	MARKET VALUE	WEIGHTED AVERAGE MATURITY (DAYS)
Lone Star Investment Pool	\$ 10 411 394	\$ 10 411 394	27

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

Lone Star Investment Pool was organized in 1991 in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is administered by First Public, formerly known as Texas Association of School Boards Financial Services. Lone Star investment Pool is governed by an 11-member board, all of whom are participants in the Pool. An independent, third-party investment consultant reports directly to the Board of Trustees. The independent consultant, RBC Dain Rauscher, Inc., Dallas, Texas, reviews the daily operations of the Pool, analyzes all investment transactions for compliance with the Investment Policy, monitors activities of the custodian bank, and compares the investment advisor's performance with benchmarks and a peer group of similarly managed funds. The Pool also employs an independent, third-party bank, The Bank of New York, headquartered in New York, New York, to perform custody and valuation services. The Lone Star Investment Pool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Ernst & Young, 700 Lavaca Street, Suite 1400, Austin, Texas 78701, performs the annual audit.

ALTO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the District's agent bank in the District's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form; thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk - There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, Lone Star Investment Pool only invests in investments authorized under the Public Funds Investment Act. As of August 31, Lone Star Investment Pool's investment credit quality rating was AAA (Standard & Poor's).

NOTE 3 - DUE TO AND FROM OTHER FUNDS

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

DUE TO FUND	DUE FROM FUND	AMOUNT	PURPOSE
None			

NOTE 4 - TRANSFERS

TRANSFER TO FUND	TRANSFER FROM FUND	AMOUNT	PURPOSE
General Fund	Other Governmental Fund	\$ 120 852	Close old funds
Other Governmental Funds	General Fund	31 397	Short-term loans
	TOTAL	\$ 152 249	

All amounts due are scheduled to be repaid within one year

NOTE 5 - CAPITAL ASSETS

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

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 519 277	\$ 6 461 070	\$ -	\$ 6 980 347
Land	221 081	-	-	221 081
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	740 358	6 461 070	-	7 201 428
Capital Assets Being Depreciated:				
Buildings and improvements	15 166 079	8 640	(461 267)	14 713 452
Vehicles and equipment	2 061 706	52 521	(23 656)	2 090 571
TOTAL CAPITAL ASSETS BEING DEPRECIATED	17 227 785	61 161	(484 923)	16 804 023
Less Accumulated Depreciation for:				
Buildings and improvements	(6 748 537)	(512 573)	416 613	(6 844 497)
Vehicles and equipment	(1 361 682)	(157 100)	4 140	(1 514 642)
TOTAL ACCUMULATED DEPRECIATION	(8 110 219)	(669 673)	420 753	(8 359 139)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	9 117 566	(608 512)	(64 170)	8 444 884
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 9 857 924	\$ 5 852 558	\$ (64 170)	\$ 15 646 312

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 5 - CAPITAL ASSETS - CONTINUED

Depreciation was charged to functions as follows:

Instruction	\$	368 685
Instructional resources and media services		7 094
School leadership		6 201
Guidance, counseling and evaluation services		67 409
Health services		34 664
Student transportation		20 646
Food services		23 588
Extracurricular activities		116 506
General administration		11 547
Plant maintenance and operations		13 333
	\$	669 673

NOTE 6 - LONG-TERM OBLIGATIONS

Long-Term Obligation Activity:

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities:					
General obligation refunding bond	\$ 1 770 000	\$ -	\$ 565 000	\$ 1 205 000	\$ 590 000
Premium on bond - Refunding	106 251	-	35 417	70 834	-
Maintenance tax note	3 305 000	-	190 000	3 115 000	195 000
Tax School Building Bonds, Series 2020	9 930 000	-	-	9 930 000	-
Premium on building bond	923 668	-	46 183	877 485	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 16 034 919	\$ -	\$ 836 600	\$ 15 198 319	\$ 785 000

Debt Service Requirements:

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

YEAR ENDING AUGUST 31,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2022	\$ 785 000	\$ 421 394	\$ 1 206 394
2023	815 000	398 443	1 213 443
2024	625 000	373 843	998 843
2025	655 000	347 218	1 002 218
2026	685 000	319 344	1 004 344
2027-2031	3 915 000	1 132 417	5 047 417
2032-2036	4 000 000	497 540	4 497 540
2037-2040	2 770 000	122 025	2 892 025
TOTALS	\$ 14 250 000	\$ 3 612 224	\$ 17 862 024

The refunding bonds payable have an interest rate from 2.0% to 3.0%. The maintenance tax note has an interest rate of 2.5%. The school building bonds have interest rates from 2.0% to 5.0%.

NOTE 7 - 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 the 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.

NOTE 8 - PENSION PLAN

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan 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.

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 8 - PENSION PLAN - CONTINUED

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

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. 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 (A) above.

D. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2019 and 2020.

	CONTRIBUTION RATES	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Employer Contributions - 2021		\$ 154 524
Member Contributions - 2021		\$ 371 189
NECE On-behalf Contributions - 2020		\$ 235 567

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.

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 8 - PENSION PLAN - CONTINUED

- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

E. Actuarial Assumptions

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

Valuation Date	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%
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

F. Discount Rate

The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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 pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

ASSET CLASS	TARGET ALLOCATION*	LONG-TERM EXPECTED ARITHMETIC REAL RATE OF RETURN	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS**
Global Equity	U.S.	18%	5.70%
	Non-U.S. Developed	13%	6.90%
	Emerging Markets	9%	8.95%
	Directional Hedge Funds	4%	3.53%
	Private Equity	13%	10.18%
Stable Value	U.S. Treasuries	11%	1.11%
	Absolute Return	- %	- %
	Stable Value Hedge Funds	4%	3.09%
	Cash	1%	(0.30)%
Real Return	Global Inflation Linked Bonds	3%	0.70%
	Real Assets	14%	5.21%
	Energy and Natural Resources	5%	7.48%
	Commodities	- %	- %
Risk Parity	Risk Parity	5%	3.70%
	Inflation Expectation		2.30%
	Volatility Drag**		(0.79)%
Total	100%		7.25%

* Target allocations are based on the FY2016 policy model.

** The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 8 - PENSION PLAN - CONTINUED

G. Discount Rate Sensitivity Analysis

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

	1% DECREASE IN DISCOUNT RATE (6.25%)	DISCOUNT RATE (7.25%)	1% INCREASE IN DISCOUNT RATE (8.25%)
District proportionate share of the net pension liability	\$ 3 521 426	\$ 2 283 701	\$ 1 278 076

H. 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 \$2,283,701 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 2 283 701
State's proportionate share that is associated with the District	3 057 784
TOTAL	\$ 5 341 485

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2020 thru August 31, 2021.

At August 31, 2021 the District's proportion of the collective net pension liability was 0.0043% which was an increase of 0.0009% from its proportion measured as of August 31, 2020.

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

The total pension liability as of August 31, 2020 was developed using a roll-forward method from the August 31, 2019 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2019.

Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

The discount rate was unchanged at 7.25 percent as of August 31, 2020.

For the year ended August 31, 2021, the District recognized pension expense of \$367,783 and revenue of \$367,783 for support provided by the State.

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 4 170	\$ 63 732
Changes in actuarial assumptions	529 900	225 310
Difference between projected and actual investment earnings	101 733	55 501
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	416 820	19 014
Contributions paid to TRS subsequent to the measurement date	154 524	-
TOTAL	\$ 1 207 147	\$ 363 557

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 8 - PENSION PLAN - CONTINUED

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

YEAR ENDED AUGUST 31,	PENSION EXPENSE AMOUNT
2022	\$ 158 613
2023	\$ 181 390
2024	\$ 182 730
2025	\$ 107 856
2026	\$ 41 296
Thereafter	\$ 17 181

NOTE 9 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

A. 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 Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling 512.542.6592.

C. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees		
January 1, 2020 - December 31, 2020		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 260
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1 020	999

* or surviving spouse

D. 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.

ALTO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2021

NOTE 9 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

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

	<u>Contribution Rates</u>	
	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Employer Contributions - 2021	\$ 43 839	
Member Contributions - 2021	\$ 31 094	
NECE On-behalf Contributions - 2020	\$ 59 805	

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

E. Actuarial Assumptions

The total OPEB liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Demographic Assumptions	Based on the experience study performed for the Teachers Retirement System of Texas of the period ending August 31, 2017.
Mortality Assumption	The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2019 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection, the ultimate improvement rates from the most recently published projection scale ("U-MP").
Healthcare Trend Rates	Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and initial medical trend rate of 6.75% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. The first year medical trend for Medicare retirees (107.74%) reflects the anticipated return of the Health Insurer Fee (HIF) in 2021. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 9 years.
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
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.

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

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

F. Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a change 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 9 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

G. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the net OPEB liability	\$ 2 671 129	\$ 2 225 945	\$ 1 874 314

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

At August 31, 2021, the District reported a liability of \$2,225,945 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provide 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	\$ 2 225 945
State's proportionate share that is associated with District	<u>2 991 137</u>
TOTAL	<u>\$ 5 217 082</u>

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

At August 31, 2020, the employer's proportion of the collective Net OPEB Liability was 0.0059% which increased 0.0002% from the 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% less than and 1% greater than the assumed 4.5% rate is used.

	1% Decrease in Healthcare Trend Rate (3.5%)	Current Single Healthcare Trend Rate (4.5%)	1% Increase in Healthcare Trend Rate (5.5%)
District's proportionate share of the net OPEB liability	\$ 1 818 312	\$ 2 225 945	\$ 2 768 855

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

The following assumptions and other inputs which are specific to TRS-Care were updated from the prior year's report:

1. The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the TOL.
2. The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
3. The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
4. The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
5. Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$20,769 and revenue of \$20,769 for support provided by the State.

ALTO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 August 31, 2021

NOTE 9 - DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - CONTINUED

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 116 550	\$ 1 018 706
Changes in actuarial assumptions	137 295	611 256
Difference between projected and actual investment earnings	769	45
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	532 712	-
Contributions paid to TRS subsequent to the measurement date	43 839	-
TOTAL	\$ 831 165	\$ 1 630 007

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

YEAR ENDED AUGUST 31,	OPEB EXPENSE AMOUNT
2022	\$ (152 555)
2023	\$ (152 651)
2024	\$ (152 708)
2025	\$ (152 693)
2026	\$ (93 273)
Thereafter	\$ (138 837)

The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care received payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submissions by reporting entities for the month of May. For the fiscal years ended August 31, 2021, 2020 and 2019, the subsidy payments received by TRS-Care on behalf of the District were \$20,704, \$19,200 and \$16,257, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

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 collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation:

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

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 2020, the District participated in pools designed for school districts 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 years.

ALTO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
August 31, 2021

NOTE 10 - COMMITMENTS AND CONTINGENCIES - CONTINUED

The District participates in a partially self-funded workers' compensation pool administered by Claims Administrative Services, Inc. The District pays a contribution for the fund year to cover the servicing of programs administration, claims handling, loss control and stop loss coverage. Provided the District remains in the pool, there are no additional fees for services. The District has retained the services of an independent plan supervisor experienced in claims processing. The agreement for formation of the Plan provides that the Plan will be self-sustaining through member premiums and will reinsure through commercial companies for excessive claims. Changes in the balances of workers' compensation claim liabilities during the past three years are as follows:

<u>YEAR ENDED</u> <u>AUGUST 31,</u>	<u>BEGINNING</u> <u>BALANCE</u>	<u>INCURRED</u> <u>CLAIMS</u>	<u>CLAIMS</u> <u>PAID</u>	<u>ENDING</u> <u>BALANCE</u>
2019	\$ 33 937	\$ (5 416)	\$ 4 809	\$ 34 544
2020	\$ 34 544	\$ 624	\$ 4 993	\$ 30 175
2021	\$ 30 175	\$ (4 023)	\$ 3 575	\$ 22 577

NOTE 11 - EXTRAORDINARY ITEMS

On April 8, 2019 a series of severe storms moved through the campus causing an estimated \$3,215,100 in hail damage to the roofs of the schools. Additionally, on April 13, 2019 during repairs of previous hail damage, a tornado rated EF3 struck through the campus causing additional estimated extensive damage of \$8,521,550 to the District's property. During 2021, the District received approximately \$219,327 in insurance proceeds and expended \$224,327 in repairs and replacement of damaged property.

NOTE 12 - COVID-19 PANDEMIC IMPACT

A novel strain of coronavirus (COVID-19) was spread to the United States of America in January and February 2020. The World Health Organization declared the outbreak to constitute a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our students, employees and vendors all of which are uncertain and cannot be predicted. As of the date these financial statements are issued, COVID-19 had not materially affected results of operations in 2021. However, the impact of response efforts on future operations cannot be predicted.

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.

ALTO INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended August 31, 2021

EXHIBIT G-1

DATA CONTROL CODES		BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL BUDGET	FINAL BUDGET		
	Revenues:				
5700	Local and intermediate sources	\$ 1 773 715	\$ 1 759 951	\$ 1 800 204	\$ 40 253
5800	State program revenues	6 836 749	6 758 890	6 682 704	(76 186)
5900	Federal program revenues	475 000	530 045	530 045	-
5020	TOTAL REVENUES	<u>9 085 464</u>	<u>9 048 886</u>	<u>9 012 953</u>	<u>(35 933)</u>
	Expenditures:				
	Current:				
0011	Instruction	4 814 141	4 752 279	4 420 469	331 810
0012	Instructional resources and media services	80 430	80 430	76 544	3 886
0013	Curriculum and staff development	15 700	15 700	7 136	8 564
0021	Instructional leadership	157 330	157 330	152 410	4 920
0023	School leadership	436 745	436 745	429 399	7 346
0031	Guidance, counseling and evaluation services	190 223	254 023	253 209	814
0033	Health services	309 953	309 953	75 510	234 443
0034	Student (pupil) transportation	300 138	300 138	156 840	143 298
0036	Cocurricular/extracurricular activities	512 955	513 740	450 240	63 500
0041	General administration	567 069	567 069	485 306	81 763
0051	Plant maintenance and operations	855 744	885 744	714 378	171 366
0052	Security and monitoring services	18 650	21 050	18 454	2 596
0053	Data processing	229 761	227 361	227 071	290
0071	Debt service	272 625	272 625	272 600	25
0081	Capital outlay	159 000	134 000	53 978	80 022
0093	Shared service arrangements	110 000	110 000	94 192	15 808
0099	Other intergovernmental charges	55 000	55 000	49 245	5 755
6030	TOTAL EXPENDITURES	<u>9 085 464</u>	<u>9 093 187</u>	<u>7 936 981</u>	<u>1 156 206</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(44 301)	1 075 972	1 120 273
	Other Financing Sources (Uses):				
7915	Transfer in	-	-	120 852	120 852
7919	Extraordinary source - Insurance recovery	-	219 327	219 327	-
8913	Extraordinary use - Tornado cost	-	-	(224 327)	(224 327)
8915	Transfer out	-	-	(516)	(516)
7080	TOTAL OTHER FINANCING SOURCES (USES)	-	219 327	115 336	(103 991)
1200	NET CHANGE IN FUND BALANCES	-	175 026	1 191 308	1 016 282
0100	Fund balance - Beginning	<u>3 579 464</u>	<u>3 579 464</u>	<u>3 579 464</u>	-
3000	FUND BALANCE - ENDING	<u>\$ 3 579 464</u>	<u>\$ 3 754 490</u>	<u>\$ 4 770 772</u>	<u>\$ 1 016 282</u>

See independent auditors' report.

ALTO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

EXHIBIT G-2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0043%	0.0034%	0.0032%	0.0032%	0.0032%	0.0036%	0.0036%
District's proportionate share of the net pension liability (asset)	\$ 2 283 701	\$ 1 769 638	\$ 1 772 862	\$ 1 024 209	\$ 1 227 440	\$ 1 265 306	\$ 567 162
State's proportionate share of the net pension liability (asset) associated with the District	<u>3 057 784</u>	<u>3 267 341</u>	<u>3 732 301</u>	<u>2 182 201</u>	<u>829 723</u>	<u>858 657</u>	<u>2 246 311</u>
TOTAL	<u>\$ 5 341 485</u>	<u>\$ 5 036 979</u>	<u>\$ 5 505 163</u>	<u>\$ 3 206 410</u>	<u>\$ 2 057 163</u>	<u>\$ 2 123 963</u>	<u>\$ 2 813 473</u>
District's covered-employee payroll	\$ 4 696 190	\$ 4 191 944	\$ 4 205 590	\$ 4 027 971	\$ 4 025 591	\$ 3 949 563	\$ 3 888 099
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.63%	42.22%	42.15%	25.43%	30.47%	32.04%	14.59%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.40%	83.25%

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

NOTE 1 - Change in Benefit Terms and Assumptions

Changes of Benefit Terms

See Note 8 for changes.

Changes of Assumptions

See Note 8 for changes.

See independent auditors' report.

ALTO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

EXHIBIT G-3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 154 524	\$ 168 983	\$ 113 979	\$ 103 702	\$ 99 973	\$ 97 992	\$ 100 092
Contributions in relation to the contractually required contribution	<u>(154 524)</u>	<u>(168 983)</u>	<u>(113 979)</u>	<u>(103 702)</u>	<u>(99 973)</u>	<u>(97 992)</u>	<u>(100 092)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4 820 642	\$ 4 696 190	\$ 4 191 944	\$ 4 205 590	\$ 4 027 971	\$ 4 025 591	\$ 3 949 563
Contributions as a percentage of covered-employee payroll	3.21%	3.60%	2.72%	2.47%	2.48%	2.43%	2.53%

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

NOTE 1 - Changes in Benefit Terms and Assumptions

Changes of Benefit Terms

See Note 8 for changes.

Changes of Assumptions

See Note 8 for changes.

See independent auditors' report.

ALTO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF OPEB LIABILITY
AND DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

EXHIBIT G-4

<u>District's Proportionate Share of Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEBL	0.0059%	0.0057%	0.0050%	0.0047%
District's proportionate share of the OPEBL	\$ 2 225 945	\$ 2 691 987	\$ 2 503 360	\$ 2 061 222
State share of the OPEBL associated with the District	<u>2 991 137</u>	<u>3 577 048</u>	<u>3 580 660</u>	<u>3 143 813</u>
TOTAL	<u>\$ 5 217 082</u>	<u>\$ 6 269 035</u>	<u>\$ 6 084 020</u>	<u>\$ 5 205 035</u>
District's covered-employee payroll* <i>Prior FY TRS Gross - September through August</i>	\$ 4 696 190	\$ 4 191 944	\$ 4 205 590	\$ 4 027 971
Proportionate share/covered payroll	47.40%	64.22%	59.52%	51.17%
Plan fiduciary net position/total OPEB liability	4.99%	2.66%	1.57%	0.91%

<u>District Contributions</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 43 839	\$ 43 793	\$ 36 053	\$ 33 712
Contributions to required contribution	<u>(43 839)</u>	<u>(43 793)</u>	<u>(36 053)</u>	<u>(33 712)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Current fiscal year TRS gross	\$ 4 820 642	\$ 4 696 190	\$ 4 191 944	\$ 4 205 590
Contributions to covered payroll	0.91%	0.93%	0.86%	0.80%

Information provided by the Teacher Retirement System of Texas.

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

NOTE 1 - CHANGE IN BENEFIT TERMS AND ASSUMPTIONS

See Note 9 for changes in benefit terms and assumptions.

COMBINING STATEMENTS
AS SUPPLEMENTARY INFORMATION

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

ALTO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 August 31, 2021

EXHIBIT H-1

DATA CONTROL CODES		SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-2)
	ASSETS			
1110	Cash and cash equivalent	\$ 236 419	\$ 163 677	\$ 400 096
1225	Taxes receivable, net	-	8 967	8 967
1240	Due from other governments	28 561	-	28 561
1000	TOTAL ASSETS	\$ 264 980	\$ 172 644	\$ 437 624
	LIABILITIES			
	Current Liabilities:			
2110	Accounts payable	\$ 4 493	\$ -	\$ 4 493
2160	Accrued wages payable	29 924	-	29 924
2210	Other accrued expenses	691	-	691
2000	TOTAL LIABILITIES	35 108	-	35 108
	DEFERRED INFLOWS			
2600	Unavailable revenue	-	8 967	8 967
	TOTAL DEFERRED INFLOWS	-	8 967	8 967
	FUND BALANCES			
	Restricted Fund Balances:			
3490	Other restricted fund balance	229 872	163 677	393 549
3000	TOTAL FUND BALANCES	229 872	163 677	393 549
4000	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 264 980	\$ 172 644	\$ 437 624

See independent auditors' report.

ALTO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2021

EXHIBIT H-2

DATA CONTROL CODES		SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-2)
	Revenues:			
5700	Local and intermediate sources	\$ 736	\$ 756 995	\$ 757 731
5800	State program revenues	31 642	196 593	228 235
5900	Federal program revenues	899 614	-	899 614
5020	TOTAL REVENUES	<u>931 992</u>	<u>953 588</u>	<u>1 885 580</u>
	Expenditures:			
	Current:			
0011	Instruction	460 381	-	460 381
0013	Curriculum and staff development	40 162	-	40 162
0021	Instructional leadership	25 031	-	25 031
0031	Guidance, counseling and evaluation services	12 857	-	12 857
0034	Student transportation	5 210	-	5 210
0035	Food service	340 682	-	340 682
0041	General administration	1 500	-	1 500
0051	Plant Maintenance and operations	2 167	-	2 167
0071	Principal on long-term debt	-	565 000	565 000
0072	Interest on long-term debt	-	360 844	360 844
0073	Bond issuance cost and fees	-	1 500	1 500
6030	TOTAL EXPENDITURES	<u>887 990</u>	<u>927 344</u>	<u>1 815 334</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>44 002</u>	<u>26 244</u>	<u>70 246</u>
	Other Financing Sources:			
7915	Transfers in	31 397	-	31 397
8911	Transfers out	(151 733)	-	(151 733)
	TOTAL OTHER FINANCING SOURCES	<u>(120 336)</u>	<u>-</u>	<u>(120 336)</u>
1200	NET CHANGE IN FUND BALANCES	(76 334)	26 244	(50 090)
0100	Fund balances - Beginning	306 206	137 433	443 639
3000	FUND BALANCES - ENDING	<u>\$ 229 872</u>	<u>\$ 163 677</u>	<u>\$ 393 549</u>

See independent auditors' report.

ALTO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 August 31, 2021

DATA CONTROL CODES		211 ESEA TITLE I IMPROVING BASIC PROGRAMS	224 IDEA B FORMULA	240 CHILD NUTRITION	242 SUMMER FEEDING PROGRAM	255 ESEA TITLE II TRAINING AND RECRUITING	266 ESSER
ASSETS							
1110	Cash and cash equivalents	\$ 13 978	\$ -	\$ 220 731	\$ -	\$ 1 710	\$ -
1242	Due from other governments	-	-	22 829	-	-	-
1000	TOTAL ASSETS	<u>\$ 13 978</u>	<u>\$ -</u>	<u>\$ 243 560</u>	<u>\$ -</u>	<u>\$ 1 710</u>	<u>\$ -</u>
LIABILITIES							
Current Liabilities:							
2110	Accounts payable	\$ -	\$ -	\$ 4 493	\$ -	\$ -	\$ -
2160	Accrued wages payable	13 686	-	9 195	-	1 710	-
2210	Other accrued expenses	<u>292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2000	TOTAL LIABILITIES	<u>13 978</u>	<u>-</u>	<u>13 688</u>	<u>-</u>	<u>1 710</u>	<u>-</u>
FUND BALANCES							
Restricted Fund Balances:							
3490	Other restricted fund balance	<u>-</u>	<u>-</u>	<u>229 872</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>229 872</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13 978</u>	<u>\$ -</u>	<u>\$ 243 560</u>	<u>\$ -</u>	<u>\$ 1 710</u>	<u>\$ -</u>

See independent auditor's report.

270 TITLE VI, PART B RURAL AND LOW INCOME SCHOOL	277 CORONA- VIRUS RELIEF FUND	282 ESSER III	289 KATRINA IMPACT AID	410 TEXTBOOK FUND	429 SCHOOL SAFETY AND SECURITY	TOTAL NONMAJOR SPECIAL REVENUE FUNDS (SEE EXHIBIT H-1)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 236 419
-	-	5 732	-	-	-	28 561
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5 732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264 980</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4 493
-	-	5 333	-	-	-	29 924
-	-	399	-	-	-	691
<u>-</u>	<u>-</u>	<u>5 732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35 108</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229 872</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229 872</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5 732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264 980</u>

ALTO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended August 31, 2021

DATA CONTROL CODES		211 ESEA TITLE I IMPROVING BASIC PROGRAMS	224 IDEA B FORMULA	240 CHILD NUTRITION	242 SUMMER FEEDING PROGRAM	255 ESEA TITLE II TRAINING AND RECRUITING	266 ESSER
Revenues:							
5700	Local and intermediate services	\$ -	\$ -	\$ 736	\$ -	\$ -	\$ -
5800	State program revenues	-	-	13 571	-	-	-
5900	Federal program revenues	<u>214 554</u>	<u>20 833</u>	<u>401 885</u>	<u>-</u>	<u>30 118</u>	<u>173 499</u>
5020	TOTAL REVENUES	<u>214 554</u>	<u>20 833</u>	<u>416 192</u>	<u>-</u>	<u>30 118</u>	<u>173 499</u>
Expenditures:							
Current:							
0011	Instruction	190 230	-	-	-	28 391	169 552
0013	Curriculum and staff development	32 246	-	-	-	5 916	-
0021	Instructional leadership	6 347	-	-	-	835	4 778
0031	Guidance, counseling, and evaluation services	-	-	-	-	-	-
0034	Student transportation	5 210	-	-	-	-	-
0035	Food service	-	-	340 682	-	-	-
0041	General administration	-	-	-	-	1 500	-
0051	Plant maintenance and operations	-	-	-	-	-	2 167
6030	TOTAL EXPENDITURES	<u>234 033</u>	<u>-</u>	<u>340 682</u>	<u>-</u>	<u>36 642</u>	<u>176 497</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19 479)</u>	<u>20 833</u>	<u>75 510</u>	<u>-</u>	<u>(6 524)</u>	<u>(2 998)</u>
Other Financing Sources:							
7915	Transfer in	516	-	-	-	-	2 998
8911	Transfer out	<u>(3 657)</u>	<u>(20 833)</u>	<u>-</u>	<u>(4 370)</u>	<u>(107 723)</u>	<u>-</u>
	TOTAL OTHER FINANCING SOURCES	<u>(3 141)</u>	<u>(20 833)</u>	<u>-</u>	<u>(4 370)</u>	<u>(107 723)</u>	<u>2 998</u>
1200	NET CHANGE IN FUND BALANCES	(22 620)	-	75 510	(4 370)	(114 247)	-
0100	Fund balances - Beginning	<u>22 620</u>	<u>-</u>	<u>154 362</u>	<u>4 370</u>	<u>114 247</u>	<u>-</u>
3000	FUND BALANCES ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229 872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

270 TITLE VI, PART B RURAL AND LOW INCOME SCHOOL	277 CORONA- VIRUS RELIEF FUND	282 ESSER III	289 KATRINA IMPACT AID	410 TEXTBOOK FUND	429 SCHOOL SAFETY AND SECURITY	TOTAL NONMAJOR SPECIAL REVENUE FUNDS (SEE EXHIBIT H-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 736
-	-	-	-	17 963	108	31 642
<u>12 445</u>	<u>7 994</u>	<u>28 774</u>	<u>9 512</u>	<u>-</u>	<u>-</u>	<u>899 614</u>
<u>12 445</u>	<u>7 994</u>	<u>28 774</u>	<u>9 512</u>	<u>17 963</u>	<u>108</u>	<u>931 992</u>
9 644	-	29 683	11 352	21 417	112	460 381
2 000	-	-	-	-	-	40 162
798	-	10 309	1 964	-	-	25 031
-	-	12 857	-	-	-	12 857
-	-	-	-	-	-	5 210
-	-	-	-	-	-	340 682
-	-	-	-	-	-	1 500
-	-	-	-	-	-	2 167
<u>12 442</u>	<u>-</u>	<u>52 849</u>	<u>13 316</u>	<u>21 417</u>	<u>112</u>	<u>887 990</u>
<u>3</u>	<u>7 994</u>	<u>(24 075)</u>	<u>(3 804)</u>	<u>(3 454)</u>	<u>(4)</u>	<u>44 002</u>
-	-	24 075	3 804	-	4	31 397
<u>(3 013)</u>	<u>(7 994)</u>	<u>-</u>	<u>-</u>	<u>(4 143)</u>	<u>-</u>	<u>(151 733)</u>
<u>(3 013)</u>	<u>(7 994)</u>	<u>24 075</u>	<u>3 804</u>	<u>(4 143)</u>	<u>4</u>	<u>(120 336)</u>
(3 010)	-	-	-	(7 597)	-	(76 334)
<u>3 010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 597</u>	<u>-</u>	<u>306 206</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>229 872</u>

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.

ALTO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 For the Year Ended August 31, 2021

YEAR ENDED AUGUST 31,	(1) (2) TAX RATES		(3) ASSESSED/APPRaisal VALUE FOR SCHOOL TAX PURPOSES	
	MAINTENANCE	DEBT SERVICE		
2012 and prior years	Various	Various	\$	Various
2013	1.0400	0.2735	\$	136 509 937
2014	1.0400	0.2735	\$	125 403 850
2015	1.0400	0.2735	\$	129 502 943
2016	1.0400	0.2735	\$	128 950 011
2017	1.0400	0.2735	\$	134 905 146
2018	1.0400	0.2600	\$	138 286 863
2019	1.0400	0.2600	\$	142 650 426
2020	1.0680	0.2600	\$	151 014 379
2021 (School year under audit)	1.0645	0.4774	\$	158 439 652
TOTALS				

See independent auditors' report.

EXHIBIT J-1

(10) BEGINNING BALANCE 09/01/2020	(20) CURRENT YEAR'S TOTAL LEVY	(31) MAINTENANCE COLLECTIONS	(32) DEBT SERVICE COLLECTIONS	(40) ENTIRE YEAR'S ADJUSTMENTS	(50) ENDING BALANCE 08/31/2021
\$ 10 149	\$ -	\$ 355	\$ 28	\$ (1 339)	\$ 8 427
2 157	-	581	153	-	1 423
2 535	-	719	189	-	1 627
2 820	-	560	147	-	2 113
3 871	-	693	182	-	2 996
7 860	-	496	130	(566)	6 668
11 527	-	4 721	1 180	455	6 081
20 197	-	7 525	1 881	43	10 834
74 455	-	36 366	8 851	(1 445)	27 793
<u>-</u>	<u>2 442 981</u>	<u>1 625 141</u>	<u>731 545</u>	<u>(9 449)</u>	<u>76 846</u>
<u>\$ 135 571</u>	<u>\$ 2 442 981</u>	<u>\$ 1 677 157</u>	<u>\$ 744 286</u>	<u>\$ (12 301)</u>	<u>\$ 144 808</u>

ALTO INDEPENDENT SCHOOL DISTRICT
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended August 31, 2021

EXHIBIT J-2

DATA CONTROL CODES	1 BUDGETED AMOUNTS		ACTUAL AMOUNTS	3
	ORIGINAL BUDGET	FINAL		VARIANCE POSITIVE (NEGATIVE)
	Revenues:			
5700	\$ 2 000	\$ 2 000	\$ 736	\$ (1 264)
5800	12 492	12 492	13 571	1 079
5900	319 250	319 250	401 885	82 635
5020	<u>333 742</u>	<u>333 742</u>	<u>416 192</u>	<u>82 450</u>
	Expenditures:			
	Current:			
0035				
6030	<u>333 742</u>	<u>333 742</u>	<u>340 682</u>	<u>(6 940)</u>
	<u>333 742</u>	<u>333 742</u>	<u>340 682</u>	<u>(6 940)</u>
1200	-	-	75 510	75 510
0100	<u>154 362</u>	<u>154 362</u>	<u>154 362</u>	<u>-</u>
3000	<u>\$ 154 362</u>	<u>\$ 154 362</u>	<u>\$ 229 872</u>	<u>\$ 75 510</u>

ALTO INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended August 31, 2021

EXHIBIT J-3

DATA CONTROL CODES		1 BUDGETED AMOUNTS		2	3
		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE POSITIVE (NEGATIVE)
	Revenues:				
5700	Local and intermediate sources	\$ 763 761	\$ 763 761	\$ 756 995	\$ (6 766)
5800	State program revenues	<u>162 863</u>	<u>162 863</u>	<u>196 593</u>	<u>33 730</u>
5020	TOTAL REVENUES	<u>926 624</u>	<u>926 624</u>	<u>953 588</u>	<u>26 964</u>
	Expenditures:				
	Debt Service:				
0071	Principal on long-term debt	565 000	565 000	565 000	-
0072	Interest on long-term debt	361 624	361 624	360 844	780
0073	Bond issue cost and fees	-	-	<u>1 500</u>	<u>(1 500)</u>
6030	TOTAL EXPENDITURES	<u>926 624</u>	<u>926 624</u>	<u>927 344</u>	<u>(720)</u>
1200	NET CHANGE IN FUND BALANCE	-	-	26 244	26 244
0100	Fund balance - Beginning	<u>137 433</u>	<u>137 433</u>	<u>137 433</u>	-
3000	FUND BALANCE - ENDING	\$ <u>137 433</u>	\$ <u>137 433</u>	\$ <u>163 677</u>	\$ <u>26 244</u>

See independent auditor's report.

ALTO INDEPENDENT SCHOOL DISTRICT
STATE SUPPLEMENTAL ALLOTMENT COMPLIANCE
USE OF FUNDS REPORT
For the Year Ended August 31, 2021

EXHIBIT J-4

<u>DATA CONTROL CODES</u>		<u>RESPONSES</u>
	<u>Section A: Compensatory Education Programs</u>	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ <u>732 347</u>
AP5	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30,34)	\$ <u>515 345</u>
	<u>Section B: Bilingual Education Programs</u>	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP8	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP9	Does the district have written policies and procedures for its bilingual education program?	Yes
AP10	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ <u>64 200</u>
AP12	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25 and 35)	\$ <u>33 271</u>

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

Board of Trustees
Alto Independent School District
Alto, Texas

Members of the Board of Trustees:

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 Alto Independent School District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alto 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lufkin, Texas
November 15, 2021


CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Alto Independent School District
Alto, Texas

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Alto 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 Alto Independent School District's major federal programs for the year ended August 31, 2021. Alto 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 applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alto 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 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 and Alto 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 Alto Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Alto 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 Alto 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 Alto 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 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 Alto 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
November 15, 2021

ALTO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2021

EXHIBIT K-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES
U.S. Department of Agriculture:			
Passed through State Department of Agriculture:			
National School Breakfast Program	10.553	202121N109946	\$ 117 083
National School Lunch Program	10.555	202121N109946	266 297
EOC Reimbursement Program	10.555	N/A	345
USDA Commodities (direct)	10.565	N/A	18 160
TOTAL PASS THROUGH STATE DEPARTMENT OF AGRICULTURE			<u>401 885</u>
U.S. Department of Education:			
Passed through State Department of Education:			
IDEA - B Formula	84.027A	H027A200008	20 833
Title I, Part A Improving Basic Programs	84.010A	S010A200043	214 554
Title V, B, SP2, RLIS	84.358B	S358B200043	12 445
Title II, Part A Supporting Effective Instruction	84.367A	S367A200041	30 118
ESSER Grant	84.425D	S425D200042	173 499
Title IV, Part A, Subpart 1	84.424A	A424A190045	9 512
ESSER III	84.425U	S425U210042	28 774
TOTAL PASS THROUGH STATE DEPARTMENT OF EDUCATION			<u>489 735</u>
Texas Department of Emergency Management:			
Coronavirus Relief Funds	21.019	30004594	7 994
TOTAL TEXAS DEPARTMENT OF EMERGENCY MANAGEMENT			<u>7 994</u>
Federal Communications Commission:			
Erate			15 840
TOTAL FEDERAL COMMUNICATIONS COMMISSION			<u>15 840</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			\$ <u>915 454</u>
RECONCILIATION TO FEDERAL REVENUE PER C-2			
TOTAL EXPENDITURE OF FEDERAL AWARDS			\$ 915 454
Other Federal Programs:			
Passed through Texas Department of Health and Human Services			
And Medicaid Reimbursement Claiming Program:			
School Health and Related Services	93.990		514 205
TOTAL OTHER FEDERAL PROGRAMS			<u>514 205</u>
TOTAL FEDERAL REVENUE PER EXHIBIT C-2			\$ <u>1 429 659</u>

ALTO INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2021

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Alto Independent School District under programs of the federal government for the year ended August 31, 2021. The information in this 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 Alto Independent School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Alto Independent School District.
2. For all federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a governmental fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.
4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3 Uniform Guidance Compliance Statement - Provisional 6/97.
5. Alto Independent School District has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

ALTO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND CORRECTIVE ACTION
 For the Year Ended August 31, 2021

A. Summary of the Auditor's Results

Type of report on financial statements	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	___ Yes <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes <u>X</u> None reported
Internal control over major programs:	
Material weakness(es) identified?	___ Yes <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes <u>X</u> None reported
Noncompliance which is material to the basic financial statement	___ Yes <u>X</u> None
Type of report on compliance with major programs:	<u>Unmodified</u>
Findings and questioned costs for Federal awards as defined in Section 200.516, Uniform Guidance	None
Dollar threshold considered between Type A and Type B Federal programs:	<u>\$750,000</u>
Low-risk auditee statement	The District was not classified as a low-risk auditee in the context of Uniform Guidance
Major Federal programs	10.553/10.555 Child Nutrition Program

B. Findings related to the financial statements which are required to be reported in Accordance with Generally Accepted Auditing Standards.

NONE

C. Findings and Questioned Costs for Federal Award

NONE

Corrective Action Plan

NONE

ALTO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2021

Prior Audit Findings

None

ALTO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED
 SCHOOL FIRST INDICATORS
 As of August 31, 2021

Exhibit L-1

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.) 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.	Yes
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.	\$ <u> -</u>