

**FRIENDSWOOD INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

For the Year Ended August 31, 2021

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Friendswood Independent School District

Name of School District

Galveston

County

084-911

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on December 8, 2021.

President of the Board

Vice President of the Board



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Friendswood Independent School District
Friendswood, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Friendswood 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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Friendswood Independent School District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis, the budgetary comparison schedule, required pension system information, and the required other post-employment benefit information, as listed in the table of contents, 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 the 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 combining and individual nonmajor fund financial statements and required Texas Education Agency (“TEA”) schedules, as listed in the table of contents, 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 the U.S. Office of Management and Budget (“OMB”); *Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and required TEA schedules, as listed in the table of contents, 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, required TEA schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 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 the District’s internal control over financial reporting and compliance.



Houston, Texas
December 8, 2021

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Friendswood Independent School District's annual financial report presents the administration's 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 liabilities and deferred inflows of the District exceeded assets and deferred outflows at the close of the most recent fiscal year by \$28,504,969 (net deficit). Of this amount, a deficit of \$17,679,938 was net investment in capital assets, which represents the debt related to the capital assets in excess of the carrying value of the capital assets. \$3,391,433 was restricted for debt service, \$585,213 was restricted for food service, \$4,643 was restricted for federal and state programs, and \$11,627 was restricted for other purposes. The remaining amount was a deficit unrestricted net position of \$14,817,947.

- The District's total net position increased by \$190,616 due to increases in the total amount recorded for the net pension liability, net OPEB liability, and related deferred inflows and outflows. The aggregate negative impact of these amounts increased by \$1,090,007 from the prior year.
- The District's governmental funds reported combined ending fund balances of \$150,006,085 as of August 31, 2021. Of this amount, \$994,672 is non-spendable in the form of (1) inventory in the amount of \$191,930 and (2) prepaid items in the amount of \$802,742. Fund balance of \$128,467,262 is restricted for (1) federal and state grants in the amount of \$589,856, (2) capital acquisitions in the amount of \$124,277,984, (3) debt service in the amount of \$3,587,795, and (4) \$11,627 for other purposes. Fund balance of \$4,162,798 is committed for (1) disaster recovery of \$1.5 million and (2) decreases in state funding of \$1.2 million and (3) other committed in the amount of \$1,462,798. Fund balance of \$1,681,154 is assigned for capital expenditures for equipment. The remaining amount in fund balance of \$14,700,199 in the general fund is classified as unassigned and is available for spending at the District's discretion. This is an increase of \$3,670,186 as compared to the prior fiscal year. The unassigned fund balance represents 27% of total general fund expenditures.
- The District's bonded debt increased by \$116,115,000 due to the issuance of Series 2021 School Building Bonds in the amount of \$120,445,000, net of the principal payments made during the current fiscal year for all bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference of the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Payments Related to Shares Service Arrangements, and Other Intergovernmental Charges.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds for general, special revenue, debt service, and capital projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

Proprietary Funds

The District maintains an internal service fund for workers' compensation insurance coverage. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

The District maintains individual enterprise funds for fuel and vending. *Enterprise funds*, a second type of proprietary fund, are used to report on activity for which a fee is charged to external users for goods or services. Enterprise funds are included within *business-type activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The nonmajor enterprise funds financial statements provide information for the Fuel Fund and Vending Fund.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fiduciary Funds

The fiduciary funds are used to account for resources held for the benefit of students and employees. The fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs.

A *custodial fund* is a type of fiduciary fund used to report resources held by the District in a purely custodial capacity. The District accounts for the activities of student groups and refunds/overpayments due to taxpayers in a custodial fund.

A *private purpose trust fund* is a second type of fiduciary fund. Private purpose trust funds are used to report all trust arrangements, other than those properly recorded in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. The District accounts for student scholarships in a private purpose trust fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. The required supplementary information also includes information related to the required pension system information and the required other post-employment benefit system information.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$28,504,969 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 154,515,422	\$ 22,555,165	\$ 18,854	\$ 9,898	\$ 154,534,276	\$ 22,565,063
Capital and non current assets	76,799,586	80,511,909	-	-	76,799,586	80,511,909
Total Assets	231,315,008	103,067,074	18,854	9,898	231,333,862	103,076,972
Deferred outflows	14,555,294	17,415,999	-	-	14,555,294	17,415,999
Total Deferred Outflows of Resources	14,555,294	17,415,999	-	-	14,555,294	17,415,999
Current liabilities	21,389,375	24,737,739	2,476	-	21,391,851	24,737,739
Long term liabilities	237,869,468	112,926,915	-	-	237,869,468	112,926,915
Total Liabilities	259,258,843	137,664,654	2,476	-	259,261,319	137,664,654
Deferred inflows	15,132,806	11,523,902	-	-	15,132,806	11,523,902
Total Deferred Inflows of Resources	15,132,806	11,523,902	-	-	15,132,806	11,523,902
Net Position						
Net investment in capital assets	(17,679,938)	(13,959,429)	-	-	(17,679,938)	(13,959,429)
Restricted	3,992,916	2,171,622	-	-	3,992,916	2,171,622
Unrestricted	(14,834,325)	(16,917,676)	16,378	9,898	(14,817,947)	(16,907,778)
Total Net Position	\$ (28,521,347)	\$ (28,705,483)	\$ 16,378	\$ 9,898	\$ (28,504,969)	\$ (28,695,585)

Net position in the governmental activities are restricted for various purposes as follows:

	Governmental Activities	
	2021	2020
Federal and state programs	\$ 4,643	\$ 109,580
Food Service	585,213	447,087
Debt Service	3,391,433	1,595,414
Other Purposes	11,627	19,541
	\$ 3,992,916	\$ 2,171,622

The remaining balance of net position in the governmental activities consists of an unrestricted net deficit of \$14,834,325. At the end of the current fiscal year, the District reports positive balances in restricted net position in the governmental activities. The District reports negative net position in net investment in capital assets, which is reported net of outstanding related debt, and unrestricted net position. The District's net position of the governmental activities increased by \$184,136 during the current fiscal year due to increases in the total amounts recorded for the net pension liability, net OPEB liability, and related deferred inflows and outflows. The aggregate negative impact of these amounts increased by \$1,090,007 from the prior year. The District's net position of the business-type activities had an ending balance of \$16,378, all of which is unrestricted and may be used to meet on-going obligations.

Governmental Activities

Governmental activities increased the District's net position by \$184,136. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent 96 percent of total revenues. Charges for services, investment earnings, and other miscellaneous revenue account for the remaining 4 percent.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for services	\$ 3,460,802	\$ 4,790,550	\$ 32,127	\$ 60,782	\$ 3,492,929	\$ 4,851,332
Operating grants	8,687,781	8,309,780	-	-	8,687,781	8,309,780
General Revenues						
Property taxes	44,217,245	40,804,483	-	-	44,217,245	40,804,483
State Aid - Formula Grants	17,833,565	15,810,180	-	-	17,833,565	15,810,180
Interest earnings	80,024	374,327	-	-	80,024	374,327
Total Revenues	74,279,417	70,089,320	32,127	60,782	74,311,544	70,150,102
Expenses						
Instruction	39,023,707	39,125,516	-	-	39,023,707	39,125,516
Instructional resources and media services	823,734	841,437	-	-	823,734	841,437
Curriculum and staff development	1,441,850	1,459,676	-	-	1,441,850	1,459,676
Instructional leadership	996,017	1,013,505	-	-	996,017	1,013,505
School leadership	3,477,352	3,734,818	-	-	3,477,352	3,734,818
Guidance, counseling, and evaluation services	2,962,440	2,889,334	-	-	2,962,440	2,889,334
Social work services	21,635	36,628	-	-	21,635	36,628
Health services	844,733	763,494	-	-	844,733	763,494
Student transportation	2,245,658	2,072,126	-	-	2,245,658	2,072,126
Food service	2,127,793	2,049,584	-	-	2,127,793	2,049,584
Extracurricular activities	2,219,231	2,671,384	-	-	2,219,231	2,671,384
General administration	2,504,058	2,613,993	-	-	2,504,058	2,613,993
Facilities maintenance and operations	6,652,172	6,043,049	-	-	6,652,172	6,043,049
Security and monitoring services	846,490	703,156	-	-	846,490	703,156
Data processing services	1,541,592	1,482,748	-	-	1,541,592	1,482,748
Community services	275,308	207,156	-	-	275,308	207,156
Interest on long-term debt	5,723,004	3,346,089	-	-	5,723,004	3,346,089
Payments related to shared services arrangements	38,202	39,845	-	-	38,202	39,845
Other intergovernmental charges	336,450	336,450	-	-	336,450	336,450
Fuel Fund	-	-	1,531	-	1,531	-
Vending Fund	-	-	17,971	36,998	17,971	36,998
Total Expenses	74,101,426	71,429,988	19,502	36,998	74,120,928	71,466,986
Excess (deficiency) before transfers	177,991	(1,340,668)	12,625	23,784	190,616	(1,316,884)
Transfers	6,145	48,169	(6,145)	(48,169)	-	-
Increase (Decrease) in Net Position	184,136	(1,292,499)	6,480	(24,385)	190,616	(1,316,884)
Beginning Net Position	(28,705,483)	(27,415,984)	9,898	34,283	(28,695,585)	(27,381,701)
Ending Net Position	\$ (28,521,347)	\$ (28,708,483)	\$ 16,378	\$ 9,898	\$ (28,504,969)	\$ (28,698,585)

	Total Revenues	% of Total Revenues
Property taxes	\$ 44,217,245	60%
State aid - formula grants	17,833,565	24%
Operating grants and contributions	8,687,781	12%
Charges for services and other revenue	3,540,826	4%
Total Revenues	\$ 74,279,417	100%

The primary functional expense of the District is instruction, which represent 53 percent of total expenses. Plant maintenance and operations, interest on long-term debt, and school leadership represent 9 percent, 8 percent, and 5 percent, respectively, of the total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

	Total Expenses	% of Total Expenses
Instruction	\$ 39,023,707	53%
Plant maintenance and operations	6,652,172	9%
Interest on long-term debt	5,723,004	8%
School leadership	3,477,352	5%
Other expenses	19,225,191	25%
Total Expenses	\$ 74,101,426	100%

Business-Type Activities

Net position of the District's business type activities increased by \$6,480 for the year ended August 31, 2021.

Governmental Funds Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$150,006,085, an increase of \$129,561,843 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,700,199, while total fund balance reached \$18,394,656. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27 percent of expenditures and total fund balance represents 33 percent of the same amount.

During the current fiscal year, the total fund balance of the District's general fund increased by \$3,677,368, while total general fund expenditures showed an increase of \$2,166,378. The increase in expenditures was primarily due to new personnel costs and mandated salary increases brought forth by House Bill 3.

The debt service fund has a total fund balance of \$3,587,795, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year of \$1,927,391 was in line with budgeted expectations.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund are summarized as follows:

	Budget	
	Original	Final Amended
Total revenues	\$ 55,972,000	\$ 55,972,000
Total expenditures	56,187,000	56,582,477
Net Change in Fund Balance	\$ (215,000)	\$ (610,477)

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets and Long-Term Liabilities

Capital Assets

The District's investment in capital assets for its governmental type activities as of August 31, 2021, includes land, buildings and improvements, and furniture and equipment. The investment in capital assets (capital outlays) during the current year amounted to \$3,716,674. The following table summarizes the investment in capital assets as of August 31, 2021 and 2020.

	August 31, 2021	August 31, 2020
Land	\$ 2,882,739	\$ 2,882,739
Buildings and improvements	146,763,536	146,622,276
Furniture and equipment	12,698,289	12,067,617
Construction in progress	2,850,186	-
	<u>165,194,750</u>	<u>161,572,632</u>
Less Accumulated Depreciation for:		
Buildings and improvements	(80,556,638)	(75,696,553)
Furniture and Equipment	(9,242,495)	(8,409,005)
	<u>(89,799,133)</u>	<u>(84,105,558)</u>
Governmental Capital Assets	<u>\$ 75,395,617</u>	<u>\$ 77,467,074</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the District had in bonded debt outstanding, an increase of \$116,115,000 over the previous year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program. The underlying rating of the bonds from Standard and Poor's is "AA" and from Moody's Investors Service is "Aa3" for unlimited tax debt.

Changes in long-term debt, for the year ended August 31, 2021, are as follows:

Outstanding 09/01/20	Issued	Retired	Outstanding 08/31/21
<u>\$ 85,170,000</u>	<u>\$ 120,445,000</u>	<u>\$ (4,330,000)</u>	<u>\$ 201,285,000</u>

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

- The District's enrollment was projected to remain stable at approximately 6,115 students at the time the 2021-2022 budget was adopted.
- For 2021-2022, the maintenance and operations tax rate is \$0.9344, while the debt service rate is \$0.3050. The maintenance and operations tax rate decreased \$0.0491, and the debt service rate increased by \$0.0291 compared to 2020-2021. The adopted tax rate reflects tax rate compression mandated by House Bill 3 of the 86th Legislature.
- Net taxable property values in the District have increased 12.9%. The average taxable residence in Friendswood has shown a ten-year upward trend increasing from an average taxable value in 2011 of \$228,387 to \$383,018. House Bill 3 of the 86th Legislature brought forth an increase to the basic allotment, other formula changes, and property tax rate compression. The impact of House Bill 3 is somewhat offset with the increased taxable property values. The District estimates an increase in general fund tax revenue of \$1.67 million alongside a decrease of \$11.6 million in other local and federal revenues estimated to be alongside a decrease in state funding of \$4.19 million for a net decrease of \$3.68 million in 2021-2022.
- Operating expenses per student in the District's general fund were \$9,000 for 2020-2021. Operating expenses per student for the 2021-2022 fiscal year are projected to be \$9,260.
- Expenditures are budgeted to increase 2.9% or \$1.58 million. This increase is primarily due to increases in salaries.
- For 2022; construction of new commercial and residential property in the area is estimated to bring in an estimated \$79M in taxable value.

These indicators were taken into account when adopting the budget for 2021-2022. The Friendswood Independent School District general fund adopted budget for 2021-2022 is as follows:

	Fiscal Year 2022 Adopted Budget
Budgeted Revenues	\$ 54,125,914
Budgeted Expenditures	56,625,914
	<u>\$ (2,500,000)</u>

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, customers, 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 at Friendswood Independent School District, 302 Laurel Drive, Friendswood, TX 77546. You may also view previous year's financial reports on the District's website at www.myfisd.com.

BASIC FINANCIAL STATEMENTS



FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

August 31, 2021

Exhibit A-1

<u>Data Control Codes</u>		<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets				
1110	Cash and cash equivalents	\$ 150,841,737	\$ 18,342	\$ 150,860,079
1225	Property taxes receivables, net	544,462	-	544,462
1240	Due from other governments	1,681,095	-	1,681,095
1290	Other receivables, net	431,536	512	432,048
1300	Inventories	191,930	-	191,930
1410	Prepaid items	824,662	-	824,662
Capital assets not subject to depreciation:				
1510	Land	2,882,739	-	2,882,739
1580	Construction in progress	2,850,186	-	2,850,186
Capital assets net of depreciation:				
1520	Buildings and improvements, net	66,206,898	-	66,206,898
1530	Furniture and equipment, net	3,455,794	-	3,455,794
1910	Long-term investments	1,403,969	-	1,403,969
1000	Total Assets	231,315,008	18,854	231,333,862
Deferred Outflows of Resources				
	Deferred charge on refunding	3,913,068	-	3,913,068
	Deferred outflows - pension	6,747,894	-	6,747,894
	Deferred outflows - OPEB	3,894,332	-	3,894,332
1700	Total Deferred Outflows of Resources	14,555,294	-	14,555,294
Liabilities				
2110	Accounts payable	1,447,214	2,476	1,449,690
2120	Other liabilities - current	2,500	-	2,500
2140	Interest payable	290,355	-	290,355
2160	Accrued wages payable	3,273,776	-	3,273,776
2300	Unearned revenue	581,050	-	581,050
Noncurrent Liabilities:				
2501	Due within one year	5,287,927	-	5,287,927
2502	Due in more than one year	216,734,201	-	216,734,201
2540	Net pension liability	15,847,340	-	15,847,340
2545	Net OPEB liability	15,794,480	-	15,794,480
2000	Total Liabilities	259,258,843	2,476	259,261,319
Deferred Inflows of Resources				
	Deferred inflows - Pension	2,846,947	-	2,846,947
	Deferred inflows - OPEB	12,285,859	-	12,285,859
2600	Total Deferred Inflows of Resources	15,132,806	-	15,132,806
Net Position (Deficit)				
3200	Net investment in capital assets	(17,679,938)	-	(17,679,938)
Restricted for:				
3820	Federal and state programs	4,643	-	4,643
3820	Food service	585,213	-	585,213
3850	Debt service	3,391,433	-	3,391,433
3890	Other purposes	11,627	-	11,627
3900	Unrestricted	(14,834,325)	16,378	(14,817,947)
3000	Total Net Position (Deficit)	\$ (28,521,347)	\$ 16,378	\$ (28,504,969)

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

Exhibit B-1
Page 1 of 2

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
Governmental Activities:				
11	Instruction	\$ 39,023,707	\$ 726,426	\$ 4,770,551
12	Instructional resources and media services	823,734	-	87,842
13	Curriculum and staff development	1,441,850	-	358,384
21	Instructional leadership	996,017	-	55,048
23	School leadership	3,477,352	-	242,786
31	Guidance, counseling, and evaluation services	2,962,440	-	825,613
32	Social work services	21,635	-	18,000
33	Health services	844,733	-	390,123
34	Student transportation	2,245,658	-	488,533
35	Food service	2,127,793	1,830,324	252,618
36	Extracurricular activities	2,219,231	125,221	435,682
41	General administration	2,504,058	-	364,803
51	Facilities maintenance and operations	6,652,172	532,824	105,428
52	Security and monitoring services	846,490	-	9,055
53	Data processing services	1,541,592	-	96,193
61	Community services	275,308	246,007	6,059
72	Interest on long-term debt	5,723,004	-	181,063
93	Payments related to shared services arrangements	38,202	-	-
99	Other intergovernmental charges	336,450	-	-
TG	Total Governmental Activities	<u>74,101,426</u>	<u>3,460,802</u>	<u>8,687,781</u>
Business-Type Activities:				
01	Fuel Fund	1,531	8,011	-
02	Vending Fund	17,971	24,116	-
TB	Total Business-Type Activities	<u>19,502</u>	<u>32,127</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 74,120,928</u>	<u>\$ 3,492,929</u>	<u>\$ 8,687,781</u>

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

Exhibit B-1
Page 2 of 2

Data Control Codes	Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
		Governmental Activities	Business-type Activities	Total
	Governmental Activities:			
11	Instruction	\$ (33,526,730)		\$ (33,526,730)
12	Instructional resources and media services	(735,892)		(735,892)
13	Curriculum and staff development	(1,083,466)		(1,083,466)
21	Instructional leadership	(940,969)		(940,969)
23	School leadership	(3,234,566)		(3,234,566)
31	Guidance, counseling, and evaluation services	(2,136,827)		(2,136,827)
32	Social work services	(3,635)		(3,635)
33	Health services	(454,610)		(454,610)
34	Student transportation	(1,757,125)		(1,757,125)
35	Food service	(44,851)		(44,851)
36	Extracurricular activities	(1,658,328)		(1,658,328)
41	General administration	(2,139,255)		(2,139,255)
51	Facilities maintenance and operations	(6,013,920)		(6,013,920)
52	Security and monitoring services	(837,435)		(837,435)
53	Data processing services	(1,445,399)		(1,445,399)
61	Community services	(23,242)		(23,242)
72	Interest on long-term debt	(5,541,941)		(5,541,941)
93	Payments related to shared services arrangements	(38,202)		(38,202)
99	Other intergovernmental charges	(336,450)		(336,450)
TG	Total Governmental Activities	<u>(61,952,843)</u>		<u>(61,952,843)</u>
	Business-Type Activities:			
01	Fuel Fund	-	\$ 6,480	6,480
02	Vending Fund	-	6,145	6,145
TB	Total Business-Type Activities	-	<u>12,625</u>	<u>12,625</u>
TP	Total Primary Government	<u>(61,952,843)</u>	<u>12,625</u>	<u>(61,940,218)</u>
	General Revenues:			
	Taxes:			
MT	Property taxes, levied for general purposes	34,532,499	-	34,532,499
DT	Property taxes, levied for debt service	9,684,746	-	9,684,746
SF	State-aid formula grants	17,833,565	-	17,833,565
IE	Investment earnings	80,024	-	80,024
FR	Transfers	6,145	(6,145)	-
TR	Total General Revenues and Tranfers	<u>62,136,979</u>	<u>(6,145)</u>	<u>62,130,834</u>
CN	Change in net position	184,136	6,480	190,616
NB	Net Position (Deficit) - Beginning	<u>(28,705,483)</u>	9,898	<u>(28,695,585)</u>
NE	Net Position (Deficit) - Ending	<u>\$ (28,521,347)</u>	<u>\$ 16,378</u>	<u>\$ (28,504,969)</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

August 31, 2021

Exhibit C-1

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
1110	\$ 18,418,365	\$ 3,574,645	\$ 126,496,297	\$ 2,211,528	\$ 150,700,835
	Receivables:				
1220	520,868	133,347	-	-	654,215
1230	(86,599)	(23,154)	-	-	(109,753)
1240	554,556	-	-	1,126,539	1,681,095
1260	1,072,268	-	-	-	1,072,268
1290	153,530	-	-	278,006	431,536
1300	191,930	-	-	-	191,930
1410	802,527	-	-	22,135	824,662
1910	1,403,969	-	-	-	1,403,969
1000	\$ 23,031,414	\$ 3,684,838	\$ 126,496,297	\$ 3,638,208	\$ 156,850,757
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
2110	\$ 650,944	\$ 3,050	\$ 537,159	\$ 256,061	\$ 1,447,214
2120	2,500	-	-	-	2,500
2160	3,268,609	-	-	5,167	3,273,776
2170	-	-	-	1,072,268	1,072,268
2300	340,834	-	-	240,216	581,050
2000	4,262,887	3,050	537,159	1,573,712	6,376,808
Deferred Inflows of Resources:					
	373,871	93,993	-	-	467,864
2600	373,871	93,993	-	-	467,864
Fund Balances:					
Nonspendable:					
3410	191,930	-	-	-	191,930
3430	802,527	-	-	215	802,742
Restricted:					
3450	-	-	-	589,856	589,856
3470	-	-	124,277,984	-	124,277,984
3480	-	3,587,795	-	-	3,587,795
3490	-	-	-	11,627	11,627
Committed:					
3545	2,700,000	-	-	1,462,798	4,162,798
Assigned:					
3570	-	-	1,681,154	-	1,681,154
3600	14,700,199	-	-	-	14,700,199
3000	18,394,656	3,587,795	125,959,138	2,064,496	150,006,085
4000	\$ 23,031,414	\$ 3,684,838	\$ 126,496,297	\$ 3,638,208	\$ 156,850,757

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

Exhibit C-2

<u>Data Control Codes</u>		
	Total Fund Balance, Governmental Funds	\$ 150,006,085
	Amounts reported for governmental activities in the statement of net position are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable.	75,395,617
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	467,864
3	Deferred charges on refunding	3,913,068
4	Deferred inflows relating to pension activities	(2,846,947)
5	Deferred inflows relating to OPEB activities	(12,285,859)
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(201,285,000)
7	Premiums on issuance	(19,981,607)
8	Accrued compensated absences	(755,521)
9	Accrued interest payable	(290,355)
10	Net pension liability	(15,847,340)
11	Net OPEB liability	(15,794,480)
12	Deferred outflows relating to pension activities	6,747,894
13	Deferred outflows relating to OPEB activities	3,894,332
14	Addition of Internal Service fund net position	140,902
19	Total Net Deficit - Governmental Activities	<u>\$ (28,521,347)</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended August 31, 2021

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
5700 Local, intermediate, and out-of-state	\$ 36,332,260	\$ 9,687,752	\$ 9,424	\$ 3,002,040	\$ 49,031,476
5800 State program revenues	20,819,046	181,063	369,000	550,712	21,919,821
5900 Federal program revenues	645,291	-	-	2,423,154	3,068,445
5020 Total Revenues	57,796,597	9,868,815	378,424	5,975,906	74,019,742
Expenditures					
Current:					
0011 Instruction	32,228,962	-	10,252	2,493,330	34,732,544
0012 Instruction resources and media services	687,847	-	-	49,619	737,466
0013 Curriculum and instructional staff development	1,038,565	-	-	248,946	1,287,511
0021 Instructional leadership	880,471	-	1,185	2,207	883,863
0023 School leadership	3,027,941	-	-	60,202	3,088,143
0031 Guidance, counseling and evaluation services	1,993,299	-	-	652,253	2,645,552
0032 Social work services	3,300	-	-	18,000	21,300
0033 Health services	744,093	-	-	1,401	745,494
0034 Student transportation	2,033,756	-	-	56,777	2,090,533
0035 Food services	6,063	-	-	1,919,326	1,925,389
0036 Extracurricular activities	1,696,473	-	-	320,297	2,016,770
0041 General administration	2,231,441	-	1,630	-	2,233,071
0051 Facilities maintenance and operations	5,781,108	-	907,078	4,676	6,692,862
0052 Security and monitoring services	780,973	-	203,870	921	985,764
0053 Data processing services	1,286,709	-	50,079	55,811	1,392,599
0061 Community services	247,598	-	-	-	247,598
Debt Service:					
0071 Principal on long-term debt	-	4,330,000	-	-	4,330,000
0072 Interest on long-term debt	-	5,101,120	-	-	5,101,120
0073 Debt service costs and fees	-	3,800	959,982	-	963,782
Capital Outlay:					
0081 Facilities acquisition and construction	-	-	2,696,509	-	2,696,509
Intergovernmental:					
0093 Payments related to shared services arrangements	38,202	-	-	-	38,202
0099 Other intergovernmental charges	336,450	-	-	-	336,450
6030 Total Expenditures	55,043,251	9,434,920	4,830,585	5,883,766	75,192,522
1100 Excess (deficiency) of revenues over expenditures	2,753,346	433,895	(4,452,161)	92,140	(1,172,780)
Other Financing Sources (Uses)					
7911 Capital-related debt issued (regular bonds)	-	-	120,445,000	-	120,445,000
7915 Transfers in	951,254	-	-	33,377	984,631
7916 Premium on issuance of bonds	-	1,493,496	8,789,982	-	10,283,478
8911 Transfers out	(27,232)	-	(951,254)	-	(978,486)
7080 Total Other Financing Sources (Uses)	924,022	1,493,496	128,283,728	33,377	130,734,623
1200 Net change in fund balances	3,677,368	1,927,391	123,831,567	125,517	129,561,843
0100 Fund Balance - September 1 (Beginning)	14,717,288	1,660,404	2,127,571	1,938,979	20,444,242
3000 Fund Balance - August 31 (Ending)	\$ 18,394,656	\$ 3,587,795	\$ 125,959,138	\$ 2,064,496	\$ 150,006,085

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

Exhibit C-4

<u>Data Control Codes</u>		
	Net change in fund balances - total governmental funds (from C-3)	\$ 129,561,843
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
1	Capital Outlay	3,716,674
2	Depreciation Expense	(5,787,389)
	The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	
3	Gain/(Loss) on sale of assets	(742)
	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
4		(56,986)
	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
5	Issuance of bonds	(120,445,000)
6	Issuance of bonds - premium	(10,283,478)
7	Principal paid on bonds	4,330,000
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
8	Changes in pension liabilities and related deferred outflows and inflows of resources	(1,440,497)
9	Changes in OPEB liabilities and related deferred outflows and inflows of resources	350,490
10	Increase in interest payable not recognized in fund statements	(129,544)
11	Amortization of bond premium	725,057
12	Amortization of deferred loss on refunded bonds	(253,615)
13	(Increase) in long-term portion of accrued compensated absences payable	3,632
	Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	
14		<u>(106,309)</u>
	Change in Net Position of Governmental Activities (see B-1)	<u><u>\$ 184,136</u></u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****PROPRIETARY FUNDS****August 31, 2021***Exhibit D-1*

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Assets		
Current Assets:		
Cash and cash equivalents	\$ 18,342	\$ 140,902
Other receivables	512	-
Total Assets	<u>18,854</u>	<u>140,902</u>
Liabilities		
Current Liabilities:		
Accounts payable	2,476	-
Total Liabilities	<u>2,476</u>	<u>-</u>
Net Position		
Unrestricted net position	16,378	140,902
Total Net Position	<u>\$ 16,378</u>	<u>\$ 140,902</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended August 31, 2021

Exhibit D-2

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	\$ 32,127	\$ -
Total Operating Revenues	<u>32,127</u>	<u>-</u>
Operating Expenses		
Purchased and contracted services	18,564	-
Claims expense and other operating expenses	938	107,306
Total Operating Expenses	<u>19,502</u>	<u>107,306</u>
Operating Income	<u>12,625</u>	<u>(107,306)</u>
Non-Operating Revenues (Expenses)		
Investment earnings	-	997
Total Non-operating Revenues (Expenses)	<u>-</u>	<u>997</u>
Income (loss) before transfers	12,625	(106,309)
Transfers		
Transfers out	(6,145)	-
Total Transfers	<u>(6,145)</u>	<u>-</u>
Change in Net Position	6,480	(106,309)
Net Position - September 1 (Beginning)	9,898	247,211
Net Position - August 31 (Ending)	<u>\$ 16,378</u>	<u>\$ 140,902</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended August 31, 2021

Exhibit D-3

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Cash Flows from Operating Activities:		
Cash received from user charges	\$ 34,687	\$ -
Cash payments for insurance claims	-	(107,306)
Cash payments to suppliers for goods and services	(19,502)	-
Net Cash Provided by (Used for) Operating Activities	<u>15,185</u>	<u>(107,306)</u>
Cash Flows from Non-Capital Financing Activities:		
Advances to other funds	(6,145)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(6,145)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	-	997
Net Cash Provided by Investing Activities	<u>-</u>	<u>997</u>
Net Increase(Decrease) in Cash and Cash Equivalents	9,040	(106,309)
Cash and Cash Equivalents at Beginning of Year	9,302	247,211
Cash and Cash Equivalents at End of Year	<u>\$ 18,342</u>	<u>\$ 140,902</u>
Reconciliation to Balance Sheet		
Cash and Cash Equivalents Per Cash Flow	\$ 18,342	\$ 140,902
Cash and Cash Equivalents per Balance Sheet	<u>\$ 18,342</u>	<u>\$ 140,902</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 12,625	\$ (107,306)
Change in Assets and Liabilities:		
Decrease (increase) in receivables	84	-
Increase (decrease) in accounts payable	2,476	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 15,185</u>	<u>\$ (107,306)</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION***August 31, 2021**Exhibit E-1*

	Private Purpose Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 6,689	\$ 360,960
Total Assets	<u>\$ 6,689</u>	<u>\$ 360,960</u>
Liabilities		
Accounts payable	\$ -	\$ 33,550
Due to others	-	17,079
Total Liabilities	<u>-</u>	<u>50,629</u>
Net Position		
Restricted Net Position	\$ 6,689	\$ 310,331
Total Net Position	<u>6,689</u>	<u>310,331</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2021

Exhibit E-2

	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
Additions		
Investment earnings	\$ -	\$ 85
Revenues from student activities	-	787,877
Property taxes collected for other governments	-	48,851,318
Total Additions	<u>-</u>	<u>49,639,280</u>
Deductions		
Payments for student activities	-	799,554
Property taxes distributed to other governments	-	48,854,189
Total Deductions	<u>-</u>	<u>49,653,743</u>
Change in net position	-	(14,463)
Net Position Beginning of Year, as Restated	<u>6,689</u>	<u>324,794</u>
Net Position End of Year	<u>\$ 6,689</u>	<u>\$ 310,331</u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Friendswood Independent School District (District) is governed by a seven-member Board of Trustees (Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- The *capital projects fund* accounts for the proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects/enhancements

Additionally, the District reports the following fund types:

Proprietary Funds

- The *enterprise funds* account for activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District's nonmajor enterprise funds are the fuel fund and the vending fund.
- The *internal service fund* accounts for workers' compensation benefits provided to other funds and/or employees of the District on a cost reimbursement basis.

Fiduciary Funds

- The *private purpose trust fund* is used to report all trust arrangements by the District. This fund type is used to account for the District's scholarship funds.
- The *custodial funds* are used to account for assets held by the District as an agent for student organizations and taxpayer refunds and overpayments.

Nonmajor governmental funds of the District include federal, state and local grant funds accounted for as *special revenue funds*.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1 - Summary of Significant Accounting Policies (continued)

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value. The funds of the District must be deposited and invested under the terms of a depository contract, the contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond 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 FDIC insurance. The depository cash balances were covered by FDIC insurance and by collateral held by the District's agent in the District's name. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes and are shown net of an allowance for uncollectible. The property tax receivable allowance is based on historical collections. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Galveston Central Appraisal District as of January 1 of each year. The amount of net assessed values for fiscal year 2021 (tax year 2020) were \$3,494,896,697. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. The District's combined tax rate was \$1.2594, which included \$0.9835 for maintenance and operations, and \$0.2759 for debt service. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. The total levy for the 2021 fiscal year was \$44,014,729. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

Inventories and Prepaid Items

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, and office and instructional supplies. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. A portion of fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The District’s infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>In Years</u>
Buildings and improvements	9 - 30
Furniture and equipment	5 - 25

Compensated Absences

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in long-term liabilities on the Statement of Net Position.

Long-term Obligations

The District’s long-term obligations consist of bonded indebtedness, workers’ compensation, and compensated absences. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type statement of net position. Bond premiums and discounts amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for notes payable principal and interest expenditures are accounted for in the general fund. The current requirements for compensated absences are accounted for in the general fund. The current requirements for workers’ compensation are accounted for in the workers’ compensation fund.

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports deferred amounts related to pension and deferred amounts related to OPEB.

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

Friendswood Independent School District reports fund balances in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement 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 or are required to be maintained intact. As such, inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet. However, if the use of the proceeds from the sale of the inventory is restricted, committed, or assigned, then the applicable amounts are included in the appropriate fund balance classification, rather than nonspendable fund balance.

Restricted fund balance – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed the fund balance for the Campus Activity Fund, \$1,200,000 in the General Fund for a loss in State funding and \$1,500,000 in the General Fund for disaster recovery.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board has delegated authority to the Superintendent to establish fund balance assignments. The District has assigned \$1,681,154 in the Capital Projects Fund for capital expenditures for equipment.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Data Control Codes

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

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (continued)

Implementation of New Accounting Standards

GASB Statement No. 84 *Fiduciary Activities* was issued in January 2017 and effective for periods beginning December 15, 2019. This standard establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This standard must be applied retroactively and as such beginning net position and/or fund balance have been restated. The District has evaluated the effects of this standard and has restated its beginning net position of the fiduciary funds accordingly.

GASB Statement No. 90 *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* was issued in August 2018 and effective for periods beginning December 15, 2019. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. The District has determined that this Statement does not have an effect on the financial statements as of August 31, 2021.

GASB Statement No. 98 *The Annual Comprehensive Financial Report* was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. Management has evaluated the implementation of this statement and determined that it is not applicable to the District.

Note 2 - Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledged securities are approved by the Texas Education Agency and shall be 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, 2021, the District's cash in bank totaled \$156,658 while the carrying value was \$95,451,837, which included funds in a sweep account of \$95,740,976. Pledged collateral and FDIC insurance for these deposits totaled \$18,469,174. Certificates of deposit requiring collateral at August 31, 2021 totaled \$3,500,000. A letter of credit and NCUSIF insurance for the certificates of deposit totaled \$3,554,767. The District also holds certificates of deposits at other institutions, all of which are individually below the FDIC or NCUSIF insurance limits. As such, the District's cash and certificates of deposit were properly collateralized at August 31, 2021.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, repurchase agreements, or investment pools.

Note 2 - Deposits and Investments (continued)

Investments

For fiscal year 2021, the District invested in the State of Texas TexPool, the State of Texas TexSTAR Investment Pool, MBIA Texas Class Investment Pool, the Texas Association of School Boards Lone Star Investment Pool, TexasTERM Local Government Investment Pool, Texas Fixed Income Trust (TexFit) Government Pool, and TD Ameritrade. TexPool, TexSTAR, Lone Star, Texas Class, and TexasTERM operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

TexPool is duly chartered and overseen by the State Comptroller's Office and administered by Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon and American Beacon Advisors. The Bank of New York is the custodial bank.

Lone Star Investment Pool is restricted to invest in obligations of the United States or its agencies and instrumentalities; other obligations insured by the United States; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-registered no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

TexSTAR Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. JP Morgan Chase Bank and/or its subsidiary JP Morgan Investor Services Co. is the custodial bank. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

MBIA Texas Class Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by MBIA Municipal Investors Service Corporation. Wells Fargo Bank N.A. is the custodial bank. The primary objectives of MBIA Texas Class Pool, is to maintain safety of principal while providing participating government entities (Participants) with the highest possible rate of return for invested funds.

TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. The pool offers a fully liquid money market and invests only in those securities authorized by the statutes governing investment of funds by local governments in the state.

TexFit is a conservatively managed, PFIA compliant, investment option with no corporate exposure. The TexFit Government Pool seeks the preservation of principal, a competitive yield and a stable NAV, while also providing some daily liquidity to its participants.

Note 2 - Deposits and Investments (continued)

Investments (continued)

At year-end, the District's cash and investments balances and the weighted average maturity of these investments were as follows:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (In days)</u>
Governmental Activities:		
Cash and deposits	\$ 95,065,846	N/A
Certificates of deposit	3,500,000	121
Investments		
Local Government		
Investment Pools:		
Lone Star	2,262,382	45
MBIA Texas Class	48,431	22
TexPool	1,718,153	31
TexSTAR	22,909,993	52
TexFit	21,506,877	55
TexasDAILY	<u>1,101,848</u>	53
Total Local Government		
Investment Pools	<u>49,547,684</u>	52
Money Market:		
TD Ameritrade	108,884	1
Securities:		
Municipal Bonds	<u>4,023,292</u>	190
Total Securities	<u>4,023,292</u>	190
Total Investments	<u>57,179,860</u>	66
Total Governmental Activities	<u>152,245,706</u>	
Business-Type Activities:		
Cash and deposits	<u>18,342</u>	N/A
Total Business-Type Activities	<u>18,342</u>	
Fiduciary Funds:		
Cash and deposits	<u>367,649</u>	N/A
Total Fiduciary Funds	<u>367,649</u>	
Total	<u>\$ 152,631,697</u>	
Investment earnings	\$ 80,024	

Note 2 - Deposits and Investments (continued)

Investments (continued)

Investments' fair value measurement are as follows at August 31, 2021:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
Certificates of Deposit	\$ 3,500,000	\$ 3,500,000	\$ -	\$ -
Municipal Bonds	4,023,292	-	4,023,292	-
Total Debt Securities	\$ 7,523,292	\$ 3,500,000	\$ 4,023,292	\$ -

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of internally created pooled fund groups to no more than 180 days. The weighted average maturity for the general fund, debt service fund, capital projects fund, and internal service fund pooled fund groups are 142, 49, 54, and 45, respectively.

	Carrying Value	Investment Maturity in Years	
		Less than 1	1-5
Certificates of Deposit	\$ 3,500,000	\$ 3,500,000	\$ -
Local Government Investment Pools:			
Lone Star	2,262,382	2,262,382	-
MBIA Texas Class	48,431	48,431	-
TexPool	1,718,153	1,718,153	-
TexSTAR	22,909,993	22,909,993	-
TexFit	21,506,877	21,506,877	-
TexasTERM	1,101,848	1,101,848	-
Money Market - TD Ameritrade	108,884	108,884	-
Investment Securities:			
Municipal Bonds	4,023,292	2,619,323	1,403,969
	\$ 57,179,860	\$ 55,775,891	\$ 1,403,969

Credit Risk

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Note 2 - Deposits and Investments (continued)

Credit Risk (continued)

As of August 31, 2021, the District's portfolio consisted of the following:

Investment Type	Carrying Value	Percentage of Portfolio	Rating	Rating Agency
Certificates of deposit	\$ 3,500,000	6.1%	N/A	N/A
Lone Star	2,262,382	4.0%	AAAm	Standard and Poor's
MBIA Texas Class	48,431	0.1%	AAAm	Standard and Poor's
TexPool	1,718,153	3.0%	AAAm	Standard and Poor's
TexSTAR	22,909,993	40.1%	AAAm	Standard and Poor's
TexFIT	21,506,877	37.6%	AAAm	Standard and Poor's
TexasDAILY	1,101,848	1.9%	AAAm	Standard and Poor's
Money Market	108,884	0.2%	N/A	N/A
Municipal Bonds	4,023,292	7.0%	A+ to AAA	Standard and Poor's
	<u>\$ 57,179,860</u>	<u>100%</u>		

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*. In addition, the investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The four pools do not impose any liquidity fees or redemption gates.

Note 3 - Receivables

Receivables as of year-end for the District's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Proprietary Funds
Property taxes	\$ 520,868	\$ 133,347	\$ -	\$ -	\$ -
Due from other governments	554,556	-	-	1,126,539	-
Other	153,530	-	-	278,006	512
Gross receivables	1,228,954	133,347	-	1,404,545	512
Less allowance for doubtful accounts	(86,599)	(23,154)	-	-	-
Net Total Receivables	<u>\$ 1,142,355</u>	<u>\$ 110,193</u>	<u>\$ -</u>	<u>\$ 1,404,545</u>	<u>\$ 512</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported unearned revenues for advanced collection of fees in the amount of \$581,050.

Note 4 - Capital Assets

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

	Balance			Balance
	September 1, 2020	Additions	Retirements	August 31, 2021
Capital Assets, not being Depreciated				
Land	\$ 2,882,739	\$ -	\$ -	\$ 2,882,739
Construction in progress	-	2,850,186	-	2,850,186
Total Capital Assets, not being Depreciated	2,882,739	2,850,186	-	5,732,925
Capital Assets, being Depreciated				
Buildings and improvements	146,622,276	146,848	(5,588)	146,763,536
Furniture and equipment	12,067,617	719,640	(88,968)	12,698,289
Total Capital Assets, being Depreciated	158,689,893	866,488	(94,556)	159,461,825
Less Accumulated Depreciation for:				
Buildings and improvements	(75,696,553)	(4,865,673)	5,588	(80,556,638)
Furniture and Equipment	(8,409,005)	(921,716)	88,226	(9,242,495)
Total Accumulated Depreciation	(84,105,558)	(5,787,389)	93,814	(89,799,133)
Governmental Capital Assets	\$ 77,467,074	\$ (2,070,715)	\$ (742)	\$ 75,395,617

Depreciation expense was charged to functions/programs of the District as follows:

	Depreciation
	Expense
Instruction	\$ 3,312,902
Instructional resources and media services	69,618
Curriculum and staff development	105,540
Instructional leadership	88,361
School leadership	307,820
Guidance, counseling and evaluation services	202,582
Social work services	335
Health services	75,644
Student transportation	206,712
Food Services	195,119
Extracurricular activities	172,106
General administration	228,178
Plant maintenance and operations	587,181
Security and monitoring services	79,339
Data processing services	130,807
Community services	25,145
	\$ 5,787,389

Open construction commitments at August 31, 2021 were as follows:

Project	Approved	Construction	Remaining
	Construction	in Progress	Commitment
	Budget		
New Cline Elementary School	\$ 44,606,500	\$ 1,239,000	\$ 43,367,500
FHS Additions and Renovations	53,373,000	1,399,200	51,973,800
JH Security Vestibule	152,360	8,116	144,244
Emergency Communication System	365,946	203,870	162,076
	\$ 98,497,806	\$ 2,850,186	\$ 95,647,620

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of August 31, 2021, is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 1,072,268	\$ -	\$ 1,072,268
Nonmajor Governmental Funds	-	1,072,268	(1,072,268)
Total Governmental Funds	<u>1,072,268</u>	<u>1,072,268</u>	<u>-</u>
Total	<u>\$ 1,072,268</u>	<u>\$ 1,072,268</u>	<u>\$ -</u>

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” The following is a summary of the District’s transfers for the fiscal year ended August 31, 2021:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 27,232
Capital Projects Fund	General Fund	951,254
Nonmajor Enterprise Fund	Nonmajor Governmental Fund	6,145
Total		<u>\$ 984,631</u>

Interfund transfers generally fall into two categories: (1) transfers to cover debt service payments to comply with debt covenants, (2) transfers to cover operating expenditures/deficits in accordance with District policy or legal requirements and (3) transfers to the capital projects fund to be assigned for future capital expenditures.

Note 6 - Compensated Absences and Other Retirement/Sick Leave Benefits

A local retirement program that was in effect for five years prior to the 2005-2006 fiscal year was rescinded during the 2006 fiscal year by the Board of Trustees. The remaining liability under this plan will be retired in accordance with the terms of the original resolution. In that regard, no more than 1.0 percent of budgeted salaries for the subsequent year plus \$100,000 may be used for retirement of the remaining liability.

The District’s sick-leave benefits provide for up to the amount of contract days of local sick leave for full retirement or 100 days of local sick leave for reduced service retirement that may be accrued while employed by the District. The rate of accrual depends on the position and length of workday.

The following summarizes the District’s liability and the changes for the year:

Balance, September 1, 2020	\$ 759,153
Additions: New entrants and salary increments	114,273
Deductions: Payments to participants	(117,905)
Balance, August 31, 2021	<u>\$ 755,521</u>

Eligible sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have met the District’s retirement and State’s retirement eligibility requirements.

Note 7 - Long-Term Liabilities

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas through the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the District's financial condition and operations. The District is subject to a legal debt margin in which the net indebtedness shall not exceed 10 percent of all assessed real and personal property in the District. At August 31, 2021, the legal debt limit was \$349,489,670 and the legal debt margin was \$131,810,858.

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

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds, term bonds, and capital appreciation bonds (CAB) with various amounts of principal maturing each year.

In the current fiscal year, the District issues Series 2021 Unlimited Tax School Building bonds in the amount of \$120,445,000 with a premium of \$10,283,477. The proceeds are to be used for (i) the construction, acquisition and equipment of school buildings in the District, including the addition of an elementary school and renovations and additions to Friendswood High School, including a new auditorium, (ii) the purchase of the necessary sites for school buildings, (iii) the purchase of new school buses, (iv) the purchase of security and technology upgrades, and (v) the payment of the costs associated with the issuance of the Bonds.

Bonds payable for the year ended August 31, 2021 were as follows:

<u>Issue</u>	<u>Original Issuance Amount</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
Unlimited Tax Refunding Bonds				
Series 2016	\$ 88,965,000	2.00% to 5.00%	2/15/2037	\$ 80,840,000
Unlimited Tax School Building Bonds				
Series 2021	120,445,000	2.50% to 4.50%	2/15/2051	120,445,000
				<u>\$ 201,285,000</u>

Debt service requirements to maturity are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 5,095,000	\$ 6,563,225	\$ 11,658,225
2023	6,285,000	6,329,725	12,614,725
2024	6,530,000	6,087,200	12,617,200
2025	6,810,000	5,806,500	12,616,500
2026	7,130,000	5,485,550	12,615,550
2027 - 2031	40,635,000	22,440,325	63,075,325
2032 - 2036	49,425,000	13,645,925	63,070,925
2037 - 2041	28,610,000	6,405,525	35,015,525
2042 - 2046	24,115,000	3,890,250	28,005,250
2047 - 2051	26,650,000	1,353,500	28,003,500
	<u>\$ 201,285,000</u>	<u>\$ 78,007,725</u>	<u>\$ 279,292,725</u>

Note 7 - Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

The following is a summary of changes in the District's total governmental long-term liabilities for the year ended August 31, 2021:

	<u>Balance</u> <u>August 31, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>August 31, 2021</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$ 85,170,000	\$ 120,445,000	\$ (4,330,000)	\$ 201,285,000	\$ 5,095,000
Premiums/discounts	10,423,186	10,283,477	(725,056)	19,981,607	-
Workers' compensation claims	-	107,306	(107,306)	-	-
Accrued compensated absences	759,153	114,273	(117,905)	755,521	192,927
	<u>\$ 96,352,339</u>	<u>\$ 130,950,056</u>	<u>\$ (5,280,267)</u>	<u>\$ 222,022,128</u>	<u>\$ 5,287,927</u>

Note 8 - Revenues from Local, Intermediate, and Out-of-State Sources

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

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Nonmajor</u> <u>Proprietary</u> <u>Funds</u>	<u>Total</u>
Property Taxes	\$ 34,587,657	\$ 9,686,574	\$ -	\$ -	\$ -	\$ 44,274,231
Investment Income	68,372	1,178	9,424	53	997	80,024
Rent	532,824	-	-	-	-	532,824
Co-curricular activities	369,180	-	-	-	8,011	377,191
Food Sales	-	-	-	1,830,324	24,116	1,854,440
Other	774,227	-	-	1,171,663	-	1,945,890
	<u>\$ 36,332,260</u>	<u>\$ 9,687,752</u>	<u>\$ 9,424</u>	<u>\$ 3,002,040</u>	<u>\$ 33,124</u>	<u>\$ 49,064,600</u>

Note 9 - Operating Leases

Commitments under operating lease (non-capitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of August 31, 2021. Rental expenditures during the year amounted to \$157,609.

Note 10 - Pension Plan and Other Post-Employment Benefits

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2020</u>
Member	7.7%	7.7%
Non-employer contributing agency	7.5%	7.5%
Employers	7.5%	7.5%

	<u>Fiscal Year</u>
	<u>2021</u>
District Contributions	1,319,277
Employee Contributions	3,173,300
Non-employer Contributing Entity (State)	2,301,918

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

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

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

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

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

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

Actuarial Assumptions

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

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

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. These assumptions are further described the 2020 TRS ACFR, which includes actuarial valuation report dated November 14, 2019.

Discount Rate

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

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

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

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities	0.00%	0.80%	0.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	100.00%		7.32%

¹ Target allocations are based on the FY2020 policy model.

² Capital Market Assumptions come from Aon Hewitt as of August 31, 2020.

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

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
District's proportional share of the net pension liability	\$ 24,436,314	\$ 15,847,340	\$ 8,868,986

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

At August 31, 2021, the District reported a liability of \$15,847,340 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	\$ 15,847,340
State's proportionate share that is associated with the District	<u>28,671,259</u>
Total	<u>\$ 44,518,599</u>

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

At August 31, 2020, the District's proportion of the collective net pension liability was 0.0296% which was a decrease of 0.0023% from its proportion measured as of August 31, 2019.

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2021, the District recognized pension expense of \$2,760,375. The District also recognized on-behalf pension expense and revenue of \$3,448,516 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,936	\$ (442,257)
Changes of assumption	3,677,147	(1,563,497)
Net difference between projected and actual earnings on pension plan investments	320,816	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,401,717	(841,193)
District contributions subsequent to the measurement date	1,319,278	-
Total	<u>\$ 6,747,894</u>	<u>\$ (2,846,947)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$1,319,278 will be recognized as a reduction of the net pension liability in the year ended August 30, 2022. 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:

<u>Fiscal Year</u>	<u>Pension Expense Amount</u>
2022	\$ 885,573
2023	975,775
2024	878,493
2025	199,404
2026	(306,716)
Thereafter	(50,860)
	<u>\$ 2,581,669</u>

The General, Capital Projects and Special Revenue Funds are used to liquidate pension liabilities.

Note 11 - Defined Other Post-Employment Benefit Plans

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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

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

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2021	2020
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

	Fiscal Year
	2021
District Contributions	328,965
Employee Contributions	267,872
Non-employer Contributing Entity (State)	683,563

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

Actuarial Assumptions

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

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

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Expected Payroll Growth.

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

Discount Rate

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

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

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

Discount Rate Sensitivity Analysis

Discount Rate – 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.

	Discount Rate		
	1% Decrease (1.33%)	Current Rate (2.33%)	1% Increase (3.33%)
District's proportional share of the net OPEB liability	\$ 18,953,339	\$ 15,794,480	\$ 13,299,434

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 \$15,794,480 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 15,794,480
State's proportionate share that is associated with the District	<u>21,223,995</u>
Total	<u>\$ 37,018,475</u>

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

At August 31, 2020, the District's proportion of the collective Net OPEB Liability was 0.0415% which was a decrease of 0.0012% from its proportion measured as of August 31, 2019.

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

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 12,902,066	\$ 15,794,480	\$ 19,646,765

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Changes Since the Prior Actuarial Valuation

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

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

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

For the year ended August 31, 2021, the District recognized negative OPEB expense of \$20,892. The District also recognized negative on-behalf OPEB expense and revenue of \$147,371 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 other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 826,993	\$ (7,228,361)
Changes of assumption	974,191	(4,337,246)
Net difference between projected and actual earnings on OPEB plan investments	5,133	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,759,050	(720,252)
District contributions subsequent to the measurement date	328,965	-
Total	<u>\$ 3,894,332</u>	<u>\$ (12,285,859)</u>

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Changes Since the Prior Actuarial Valuation (continued)

The \$328,965 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2022. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>OPEB Expense Amount</u>
2022	\$ (1,425,393)
2023	(1,426,079)
2024	(1,426,472)
2025	(1,426,366)
2026	(1,004,493)
Thereafter	<u>(2,011,690)</u>
	<u>\$ (8,720,492)</u>

The General, Capital Projects and Special Revenue Funds are used to liquidate other post-employment liabilities.

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were \$182,164, \$188,781, and \$141,774, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 12 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

Health Insurance

The District provides medical insurance coverage for its employees under the TRS-Active Care insurance provided by the Teachers' Retirement System of Texas.

Workers' Compensation

The District established a limited risk management program for workers' compensation in 1988 by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Fund, Friendswood ISD was solely responsible for all claims costs, both reported and unreported. The Fund provided administrative service to its self-funded members including claims administration and customer service. The District discontinued participation in the self-funded workers' compensation plan August 31, 2015. Beginning September 1, 2015, the District contracted with TASB Risk Management Fund for a fully funded workers' compensation program. TASB pays 100% of all employees' medical claims and assumes all risk related to them.

Note 13 - Shared Service Arrangements / Joint Ventures

The District participates in two separate Shared Service Arrangements.

The District participates in a Shared Service Arrangement (SSA) for the Galveston-Brazoria Co-op for the for the Deaf and Hard of Hearing that provides a system of direct and support services to eligible hearing-impaired students of the member districts. In addition to Friendswood ISD, the other member districts include Alvin ISD, Clear Creek ISD, Dickinson ISD, Galveston ISD, Hitchcock ISD, Pearland ISD, Santa Fe ISD and Texas City ISD. All services are provided by the fiscal agent, Clear Creek ISD. The member districts provide the funds to the fiscal agent. Although approximately 1.4 percent of the total SSA expenditures are attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. In addition, the District neither has a joint ownership interest in fixed assets purchased by the fiscal agent nor does the District have a net equity interest in the fiscal agent.

Revenues:	
Local revenue	<u>\$ 14,938</u>
Expenditures:	
Payroll costs	\$ 11,205
Contract services	1,585
Supplies and materials	1,874
Other operating costs	175
Capital outlay	99
Total Expenditures	<u>\$ 14,938</u>

Note 13 - Shared Service Arrangements / Joint Ventures (continued)

The District participates in the Visually Impaired Orientation and Mobility Shared Service Arrangement (SSA), which provides services for visually impaired students. Friendswood ISD participates in this SSA along with Dickinson ISD, Galveston ISD, Hitchcock ISD and Texas City ISD. Although approximately 26% of the activity of the SSA is attributable to the District's participation, the District does not account for the revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Galveston ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would rise to a future additional benefit or burden to Friendswood ISD. The fiscal agent is responsible for all financial activities of the SSA. Revenues attributable to the District's participation were \$23,264 for the 2021 fiscal year. Expenditures in the same amount were attributable to payroll costs.

Note 14 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Note 15 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it does not have an arbitrage liability as of August 31, 2021.

Note 16 – Subsequent Events

As of September 2, 2021, the Texas Education Agency informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year when the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement.

LEAs have reported to TEA that attendance rate declines continue to occur due to COVID-19. As a result, TEA is exploring options to ensure school systems will not experience significant financial difficulties. Additionally, LEAs had varying daily rates of attendance during the 2020-2021 school year due to the impact of virtual learning options. Once TEA receives this local information in a PEIMS upload this fall, it will be equipped to analyze, understand, and determine potential changes to the rules around waivers, particularly low attendance waivers. As of the date of this report, the District has not determined the impact.

Note 17 – Covid 19

The full extent of the ongoing impact of COVID-19 on the District's 2020-21 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

Note 18 – Prior Period Adjustment

During the current fiscal year, the District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position of the District’s custodial funds has been restated as follows:

Custodial Fund	
Beginning Net Position, as Originally Stated	\$ -
Reclassification of amounts due to student groups and others to net position	324,794
Beginning Net Position, as Restated	<u><u>\$ 324,794</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended August 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local revenues	\$ 35,995,825	\$ 35,995,825	\$ 36,332,260	\$ 336,435
State program revenues	19,501,237	19,501,237	20,819,046	1,317,809
Federal program revenues	474,938	474,938	645,291	170,353
Total Revenues	<u>55,972,000</u>	<u>55,972,000</u>	<u>57,796,597</u>	<u>1,824,597</u>
Expenditures				
Current:				
Instruction	32,461,622	32,748,497	32,228,962	519,535
Instruction resources and media services	679,662	792,072	687,847	104,225
Curriculum and instructional staff development	1,115,335	1,048,785	1,038,565	10,220
Instructional leadership	867,100	879,521	880,471	(950)
School leadership	3,032,827	3,038,841	3,027,941	10,900
Guidance, counseling and evaluation services	2,048,334	2,002,187	1,993,299	8,888
Social work services	3,300	6,300	3,300	3,000
Health services	802,806	755,962	744,093	11,869
Student transportation	2,102,831	2,259,481	2,033,756	225,725
Food services	-	7,000	6,063	937
Extracurricular activities	2,040,316	1,754,018	1,696,473	57,545
General administration	2,418,560	2,353,930	2,231,441	122,489
Facilities maintenance and operations	5,780,330	6,146,484	5,781,108	365,376
Security and monitoring services	758,886	806,077	780,973	25,104
Data processing services	1,394,280	1,317,554	1,286,709	30,845
Community services	222,964	249,439	247,598	1,841
Capital Outlay:				
Facilities, acquisition and construction	50,000	8,482	-	8,482
Intergovernmental:				
Payments related to shared services arrangements	51,847	51,847	38,202	13,645
Payments to Juvenile Justice Alternative Education Programs	11,000	11,000	-	11,000
Other intergovernmental charges	345,000	345,000	336,450	8,550
Total Expenditures	<u>56,187,000</u>	<u>56,582,477</u>	<u>55,043,251</u>	<u>1,539,226</u>
Excess (deficiency) of revenues over expenditures	<u>(215,000)</u>	<u>(610,477)</u>	<u>2,753,346</u>	<u>3,363,823</u>
Other Financing Sources (Uses)				
Transfers in	-	-	951,254	951,254
Transfers out	-	-	(27,232)	(27,232)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>924,022</u>	<u>924,022</u>
Net change in fund balances	(215,000)	(610,477)	3,677,368	4,287,845
Fund Balances - Beginning	<u>14,717,288</u>	<u>14,717,288</u>	<u>14,717,288</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 14,502,288</u>	<u>\$ 14,106,811</u>	<u>\$ 18,394,656</u>	<u>\$ 4,287,845</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

A. Budgets and Budgetary Accounting

The District adopts annual appropriations type budgets for the General Fund, Food Service Special Revenue Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level and amended as necessary when the Notices of Grant Awards are received. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund, Food Service Fund and Debt Service Fund during the fiscal year ended August 31, 2021.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by August 31, 2020. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year's budget.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST SEVEN MEASUREMENT YEARS

Exhibit G-2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportionate share of the net pension liability	\$ 15,847,340	\$ 16,574,576	\$ 17,399,059	\$ 9,303,323
State's proportionate share of the net pension liability associated with the District	<u>28,671,259</u>	<u>26,688,300</u>	<u>29,981,051</u>	<u>17,831,579</u>
Total	<u>\$ 44,518,599</u>	<u>\$ 43,262,876</u>	<u>\$ 47,380,110</u>	<u>\$ 27,134,902</u>
District's covered payroll (for Measurement Year)	\$ 39,481,273	\$ 37,003,441	\$ 36,621,859	\$ 34,640,606
District's proportionate share of the net pension liability as a percentage of covered payroll	40.14%	44.79%	47.51%	26.86%
Plan fiduciary net position as a percentage of the total pension liability ¹	75.54%	75.24%	73.74%	82.17%
Plan's net pension liability as a percentage of covered payroll ¹	110.36%	114.93%	126.11%	75.93%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
District's proportionate share of the net pension liability	\$ 9,980,962	\$ 9,594,406	\$ 4,150,735	
State's proportionate share of the net pension liability associated with the District	<u>21,689,972</u>	<u>20,961,599</u>	<u>17,620,461</u>	
Total	<u>\$ 31,670,934</u>	<u>\$ 30,556,005</u>	<u>\$ 21,771,196</u>	
District's covered payroll (for Measurement Year)	\$ 32,808,364	\$ 31,141,812	\$ 29,900,254	
District's proportionate share of the net pension liability as a percentage of covered payroll	30.42%	30.81%	13.88%	
Plan fiduciary net position as a percentage of the total pension liability ¹	78.00%	78.43%	83.25%	
Plan's net pension liability as a percentage of covered payroll ¹	92.75%	91.94%	72.89%	

¹ Per Teacher Retirement System of Texas' comprehensive annual financial report.

Notes:

Ten years of data should be presented in this schedule but data is unavailable prior to 2014.

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST EIGHT FISCAL YEARS

Exhibit G-3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 1,319,277	\$ 1,222,580	\$ 1,115,693	\$ 1,064,870
Contributions in relation to the contractual required contributions	<u>1,319,277</u>	<u>1,222,580</u>	<u>1,115,693</u>	<u>1,064,870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 41,211,554	\$ 39,481,273	\$ 37,003,441	\$ 36,621,859
Contributions as a percentage of covered payroll	3.20%	3.10%	3.02%	2.91%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 953,601	\$ 874,428	\$ 790,748	\$ 393,963
Contributions in relation to the contractual required contributions	<u>953,601</u>	<u>874,428</u>	<u>790,748</u>	<u>393,963</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 34,640,606	\$ 32,808,365	\$ 31,141,812	\$ 29,900,254
Contributions as a percentage of covered payroll	2.75%	2.67%	2.54%	1.32%

Notes:

Ten years of data should be presented in this schedule but data is unavailable prior to 2014.

The District implemented GASB 68 and 71 during fiscal year 2015.

Notes to Required Supplementary Information – Pension

Changes of Assumptions

The single discount rate as of August 31, 2019 was 7.25, which is the same rate as of August 31, 2020.

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the 2020 or 2019 measurement periods.

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST FOUR MEASUREMENT YEARS

Exhibit G-4

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportionate share of the net OPEB liability	\$ 15,794,480	\$ 20,193,231	\$ 21,398,962	\$ 16,779,851
State's proportionate share of the net OPEB liability associated with the District	<u>21,223,995</u>	<u>26,832,290</u>	<u>32,141,434</u>	<u>27,978,520</u>
Total	<u>\$ 37,018,475</u>	<u>\$ 47,025,521</u>	<u>\$ 53,540,396</u>	<u>\$ 44,758,371</u>
District's covered payroll (for Measurement Year)	\$ 39,481,273	\$ 37,003,441	\$ 36,621,859	\$ 34,640,606
District's proportionate share of the net OPEB liability as a percentage of covered payroll	40.0%	54.6%	58.43%	48.44%
Plan fiduciary net position as a percentage of the total OPEB liability ¹	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll ¹	101.46%	135.21%	146.64%	132.55%

¹ Per Teacher Retirement System of Texas' comprehensive annual financial report.

Notes:

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

Ten years of data should be presented in this schedule but data is unavailable prior to 2017.

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

Exhibit G-5

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 328,965	\$ 315,191	\$ 302,515	\$ 295,653
Contributions in relation to the contractual required contributions	328,965	315,191	302,515	295,653
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 41,211,554	\$ 39,481,273	\$ 37,003,441	\$ 36,621,859
Contributions as a percentage of covered payroll	0.80%	0.80%	0.82%	0.81%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 203,471	\$ 189,837	\$ 180,711	\$ 174,025
Contributions in relation to the contractual required contributions	203,471	189,837	180,711	174,025
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 34,640,606	\$ 32,808,365	\$ 31,141,812	\$ 29,900,254
Contributions as a percentage of covered payroll	0.59%	0.58%	0.58%	0.58%

Notes:

Ten years of data should be presented in this schedule but data is unavailable prior to 2014.

The District implemented GASB 75 during fiscal year 2018.

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

Notes to Required Supplementary Information - OPEB

Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that have affected measurement of the Total OPEB liability (TOL):

- The discount rate was 2.33 percent, 2.63 percent, and 3.69 percent as of August 31, 2020, August 30, 2019, and August 31, 2018, respectively.
- During measurement year 2020, the participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.
- During measurement year 2020, the ultimate health care trend rate assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.
- During measurement year 2019, the health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- During measurement year 2019, 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 75 percent to 50 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.
- During measurement year 2019, 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.

Changes of Benefit Terms

There were no changes in benefit terms in the 2020 measurement year.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

OTHER SUPPLEMENTARY INFORMATION

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

Exhibit H-1
Page 1 of 5

Data Control Codes		211	224	225	226
		ESEA Title I, Part A	IDEA-B Formula	IDEA-B Preschool	IDEA-B Discretionary
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
	Receivables:				
1240	Receivables from other governments	131,273	238,602	10,072	-
1290	Other receivables	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	\$ 131,273	\$ 238,602	\$ 10,072	\$ -
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 18,054	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	113,219	238,602	10,072	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	131,273	238,602	10,072	-
Fund Balances:					
Nonspendable:					
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Grant restrictions	-	-	-	-
3490	Other purposes	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 131,273	\$ 238,602	\$ 10,072	\$ -

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

Exhibit H-1
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Data Control Codes		240	244	255	263
		Child Nutrition	Vocational Ed - Basic	Title II, Part A	Title III
Assets					
1110	Cash and temporary investments	\$ 574,672	\$ -	\$ -	\$ -
	Receivables:				
1240	Receivables from other governments	-	-	28,059	7,825
1290	Other receivables	90,827	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 665,499</u>	<u>\$ -</u>	<u>\$ 28,059</u>	<u>\$ 7,825</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 75,119	\$ -	\$ 981	\$ -
2160	Accrued wages payable	5,167	-	-	-
2170	Due to other funds	-	-	27,078	7,825
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>80,286</u>	<u>-</u>	<u>28,059</u>	<u>7,825</u>
Fund Balances:					
Nonspendable:					
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Grant restrictions	585,213	-	-	-
3490	Other purposes	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>585,213</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 665,499</u>	<u>\$ -</u>	<u>\$ 28,059</u>	<u>\$ 7,825</u>

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

Exhibit H-1
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Data Control Codes		266	277	281	282
		ESSER	Coronavirus Relief Fund (CRF)	ESSER II	ESSER III
Assets					
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
	Receivables:				
1240	Receivables from other governments	3,633	-	370,439	31,158
1290	Other receivables	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 3,633</u>	<u>\$ -</u>	<u>\$ 370,439</u>	<u>\$ 31,158</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 27,914
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	3,633	-	370,439	3,244
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>3,633</u>	<u>-</u>	<u>370,439</u>	<u>31,158</u>
Fund Balances:					
Nonspendable:					
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Grant restrictions	-	-	-	-
3490	Other purposes	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,633</u>	<u>\$ -</u>	<u>\$ 370,439</u>	<u>\$ 31,158</u>

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

Exhibit H-1
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Data Control Codes		289 Miscellaneous Federal Programs	397 Advanced Placement Incentive	410 Instructional Materials Allotment	429 State Funded Special Revenue Fund
Assets					
1110	Cash and temporary investments	\$ -	\$ 4,643	\$ -	\$ 480
	Receivables:				
1240	Receivables from other governments	14,021	-	291,457	-
1290	Other receivables	-	-	-	-
1410	Prepaid items	-	-	21,920	-
1000	Total Assets	<u>\$ 14,021</u>	<u>\$ 4,643</u>	<u>\$ 313,377</u>	<u>\$ 480</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 258	\$ -	\$ 29,960	\$ 480
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	13,763	-	208,221	-
2300	Unearned revenues	-	-	75,196	-
2000	Total Liabilities	<u>14,021</u>	<u>-</u>	<u>313,377</u>	<u>480</u>
Fund Balances:					
Nonspendable:					
3430	Prepaid items	-	-	-	-
Restricted:					
3450	Grant restrictions	-	4,643	-	-
3490	Other purposes	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>4,643</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 14,021</u>	<u>\$ 4,643</u>	<u>\$ 313,377</u>	<u>\$ 480</u>

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

Exhibit H-1
Page 5 of 5

Data Control Codes		461 Campus Activity	480 Education Foundation Grants	Total Nonmajor Governmental Funds
Assets				
1110	Cash and temporary investments	\$ 1,631,733	\$ -	\$ 2,211,528
Receivables:				
1240	Receivables from other governments	-	-	1,126,539
1290	Other receivables	-	187,179	278,006
1410	Prepaid items	215	-	22,135
1000	Total Assets	\$ 1,631,948	\$ 187,179	\$ 3,638,208
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110	Accounts payable	\$ 39,115	\$ 64,180	\$ 256,061
2160	Accrued wages payable	-	-	5,167
2170	Due to other funds	-	76,172	1,072,268
2300	Unearned revenues	129,820	35,200	240,216
2000	Total Liabilities	168,935	175,552	1,573,712
Fund Balances:				
Nonspendable:				
3430	Prepaid items	215	-	215
Restricted:				
3450	Grant restrictions	-	-	589,856
3490	Other purposes	-	11,627	11,627
Committed:				
3545	Other purposes	1,462,798	-	1,462,798
3000	Total Fund Balances	1,463,013	11,627	2,064,496
4000	Total Liabilities and Fund Balances	\$ 1,631,948	\$ 187,179	\$ 3,638,208

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2
Page 1 of 5

Data Control Codes		211	224	225	226
		ESEA Title I, Part			IDEA-B
		A	IDEA-B Formula	IDEA-B Preschool	Discretionary
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	327,102	932,727	17,632	107,200
5020	Total Revenues	<u>327,102</u>	<u>932,727</u>	<u>17,632</u>	<u>107,200</u>
Expenditures					
Current:					
0011	Instruction	179,283	390,975	17,632	50,423
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	129,819	4,117	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	537,635	-	-
0032	Social work services	18,000	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	56,777
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
6030	Total Expenditures	<u>327,102</u>	<u>932,727</u>	<u>17,632</u>	<u>107,200</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2
Page 2 of 5

Data Control Codes		240	244	255	263
		Child Nutrition	Vocational Ed - Basic	Title II, Part A	Title III
Revenues					
5700	Local, intermediate, and out-of-state	\$ 1,830,377	\$ -	\$ -	\$ -
5800	State program revenues	3,932	-	-	-
5900	Federal program revenues	191,596	42,015	109,022	13,220
5020	Total Revenues	<u>2,025,905</u>	<u>42,015</u>	<u>109,022</u>	<u>13,220</u>
Expenditures					
Current:					
0011	Instruction	-	42,015	13,444	13,220
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	92,644	-
0021	Instructional leadership	-	-	1,294	-
0023	School leadership	-	-	1,640	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	1,919,326	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
6030	Total Expenditures	<u>1,919,326</u>	<u>42,015</u>	<u>109,022</u>	<u>13,220</u>
1100	Excess (deficiency) of revenues over expenditures	<u>106,579</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
7915	Transfers in	<u>31,547</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080	Total Other Financing Sources (Uses)	<u>31,547</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	138,126	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>447,087</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 585,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2
Page 3 of 5

Data Control Codes	266	277	281	282
	ESSER	Coronavirus Relief Fund (CRF)	ESSER II	ESSER III
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	85,929	122,388	31,158
5020	Total Revenues	85,929	122,388	31,158
Expenditures				
Current:				
0011	Instruction	81,486	122,388	370,439
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	3,243
0032	Social work services	-	-	-
0033	Health services	1,178	-	-
0034	Student transportation	-	-	-
0035	Food service	-	-	-
0036	Extracurricular activities	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	921	-	-
0053	Data processing services	2,344	-	27,915
6030	Total Expenditures	85,929	122,388	31,158
1100	Excess (deficiency) of revenues over expenditures	-	-	-
Other Financing Sources (Uses)				
7915	Transfers in	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2
Page 4 of 5

Data Control Codes		289 Miscellaneous Federal Programs	397 Advanced Placement Incentive	410 Instructional Materials Allotment	429 State Funded Special Revenue Fund
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	546,753	27
5900	Federal program revenues	19,918	-	30,625	-
5020	Total Revenues	19,918	-	577,378	27
Expenditures					
Current:					
0011	Instruction	11,749	-	558,479	16,235
0012	Instruction resources and media services	-	-	4,714	-
0013	Curriculum and instructional staff development	5,658	1,915	14,185	-
0021	Instructional leadership	-	-	-	378
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	2,511	-	-	86,436
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
6030	Total Expenditures	19,918	1,915	577,378	103,049
1100	Excess (deficiency) of revenues over expenditures	-	(1,915)	-	(103,022)
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	-	(1,915)	-	(103,022)
0100	Fund Balance - September 1 (Beginning)	-	6,558	-	103,022
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 4,643	\$ -	\$ -

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2
Page 5 of 5

Data Control Codes	461 <u>Campus Activity</u>	480 Education Foundation <u>Grants</u>	Total Nonmajor Governmental <u>Funds</u>	
Revenues				
5700	Local, intermediate, and out-of-state	\$ 1,016,577	\$ 155,086	\$ 3,002,040
5800	State program revenues	-	-	550,712
5900	Federal program revenues	22,183	-	2,423,154
5020	Total Revenues	<u>1,038,760</u>	<u>155,086</u>	<u>5,975,906</u>
Expenditures				
Current:				
0011	Instruction	478,166	147,396	2,493,330
0012	Instruction resources and media services	29,301	15,604	49,619
0013	Curriculum and instructional staff development	608	-	248,946
0021	Instructional leadership	535	-	2,207
0023	School leadership	58,562	-	60,202
0031	Guidance, counseling and evaluation services	22,428	-	652,253
0032	Social work services	-	-	18,000
0033	Health services	223	-	1,401
0034	Student transportation	-	-	56,777
0035	Food service	-	-	1,919,326
0036	Extracurricular activities	320,297	-	320,297
0051	Plant maintenance and operations	4,676	-	4,676
0052	Security and monitoring services	-	-	921
0053	Data processing services	25,552	-	55,811
6030	Total Expenditures	<u>940,348</u>	<u>163,000</u>	<u>5,883,766</u>
1100	Excess (deficiency) of revenues over expenditures	<u>98,412</u>	<u>(7,914)</u>	<u>92,140</u>
Other Financing Sources (Uses)				
7915	Transfers in	1,830	-	33,377
7080	Total Other Financing Sources (Uses)	<u>1,830</u>	<u>-</u>	<u>33,377</u>
1200	Net change in fund balances	100,242	(7,914)	125,517
0100	Fund Balance - September 1 (Beginning)	<u>1,362,771</u>	<u>19,541</u>	<u>1,938,979</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 1,463,013</u>	<u>\$ 11,627</u>	<u>\$ 2,064,496</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
August 31, 2021

Exhibit H-3

	<u>Fuel Fund</u>	<u>Vending Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 15,389	\$ 2,953	\$ 18,342
Other receivables	512	-	512
Total Assets	<u>15,901</u>	<u>2,953</u>	<u>18,854</u>
Liabilities and Net Position			
Liabilities			
Accounts payable	1,531	945	2,476
Total Liabilities	<u>1,531</u>	<u>945</u>	<u>2,476</u>
Net Position			
Unrestricted net position	14,370	2,008	16,378
Total Net Position	<u>\$ 14,370</u>	<u>\$ 2,008</u>	<u>\$ 16,378</u>
Total Liabilities and Net Position	<u>\$ 15,901</u>	<u>\$ 2,953</u>	<u>\$ 18,854</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
For the Year Ended August 31, 2021

Exhibit H-4

	<u>Fuel Fund</u>	<u>Vending Fund</u>	<u>Total</u>
Operating Revenues			
Charges for Services	\$ 8,011	\$ 24,116	\$ 32,127
Total Operating Revenues	<u>8,011</u>	<u>24,116</u>	<u>32,127</u>
Operating Expenses			
Purchased and contracted services	1,531	17,033	18,564
Claims expense and other operating expenses	-	938	938
Total Operating Expenses	<u>1,531</u>	<u>17,971</u>	<u>19,502</u>
Income (Loss) before Transfers	6,480	6,145	12,625
Transfers out	-	(6,145)	(6,145)
Change in Net Position	6,480	-	6,480
Total Net Position - Beginning	<u>7,890</u>	<u>2,008</u>	<u>9,898</u>
Total Net Position - Ending	<u>\$ 14,370</u>	<u>\$ 2,008</u>	<u>\$ 16,378</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended August 31, 2021

Exhibit H-5

	Fuel Fund	Vending Fund	Total
Cash Flows from Operating Activities:			
Cash received from user charges	\$ 9,626	\$ 25,061	\$ 34,687
Cash payments to suppliers for goods and services	(1,531)	(17,971)	(19,502)
Net Cash Provided by (Used for) Operating Activities	<u>8,095</u>	<u>7,090</u>	<u>15,185</u>
Cash Flows from Non-Capital Financing Activities:			
Advances to other funds	-	(6,145)	(6,145)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>(6,145)</u>	<u>(6,145)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,095	945	9,040
Cash and Cash Equivalents at Beginning of Year	<u>7,294</u>	<u>2,008</u>	<u>9,302</u>
Cash and Cash Equivalents at End of Year	<u>\$ 15,389</u>	<u>\$ 2,953</u>	<u>\$ 18,342</u>
Reconciliation to Balance Sheet			
Cash and Cash Equivalents Per Cash Flow	\$ 15,389	\$ 2,953	\$ 18,342
Cash and Cash Equivalents per Balance Sheet	<u>\$ 15,389</u>	<u>\$ 2,953</u>	<u>\$ 18,342</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 6,480	\$ 6,145	\$ 12,625
Change in Assets and Liabilities			
Decrease (increase) in receivables	84	-	84
Increase (decrease) in Accounts payable	1,531	945	2,476
Net Cash Provided by (Used for) Operating Activities	<u>\$ 8,095</u>	<u>\$ 7,090</u>	<u>\$ 15,185</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
August 31, 2021

Exhibit H-6

	Private Purpose Trust Funds			Custodial Funds		Total Custodial Funds
	Winston Scholarship Fund	Willard Scholarship Fund	Total Private Purpose Trust Funds	Student Activity Funds	Tax Assessor Collector	
Assets						
Cash and cash equivalents	\$ 5,296	\$ 1,393	\$ 6,689	\$ 316,920	\$ 44,040	\$ 360,960
Total Assets	<u>\$ 5,296</u>	<u>\$ 1,393</u>	<u>\$ 6,689</u>	<u>\$ 316,920</u>	<u>\$ 44,040</u>	<u>\$ 360,960</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 21,598	\$ 11,952	\$ 33,550
Due to others	-	-	-	17,079	-	17,079
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 38,677</u>	<u>\$ 11,952</u>	<u>50,629</u>
Net Position						
Restricted	5,296	1,393	6,689	278,243	32,088	310,331
Total Net Position	<u>\$ 5,296</u>	<u>\$ 1,393</u>	<u>\$ 6,689</u>	<u>\$ 278,243</u>	<u>\$ 32,088</u>	<u>\$ 310,331</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2021

Exhibit H-7

	Private Purpose Trust Funds			Custodial Funds		
	Winston Scholarship Fund	Willard Scholarship Fund	Total Private Purpose Trust Funds	Student Activity Funds	Tax Assessor Collector	Total Custodial Funds
Additions						
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ 85	\$ 85
Revenues from student activities	-	-	-	787,877	-	787,877
Property taxes collected for other governments	-	-	-	-	48,851,318	48,851,318
Total Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>787,877</u>	<u>48,851,403</u>	<u>49,639,280</u>
Deductions						
Payments for student activities	-	-	-	799,554	-	799,554
Property taxes distributed to other governments	-	-	-	-	48,854,189	48,854,189
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>799,554</u>	<u>48,854,189</u>	<u>49,653,743</u>
Change in net position	-	-	-	(11,677)	(2,786)	(14,463)
Net Position Beginning of Year, as Restated	<u>5,296</u>	<u>1,393</u>	<u>6,689</u>	<u>289,920</u>	<u>34,874</u>	<u>324,794</u>
Net Position End of Year	<u>\$ 5,296</u>	<u>\$ 1,393</u>	<u>\$ 6,689</u>	<u>\$ 278,243</u>	<u>\$ 32,088</u>	<u>\$ 310,331</u>

REQUIRED TEA SCHEDULES

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

Exhibit J-1

Last Ten Fiscal Years	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 8/31/20	20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21	
	1 Maintenance	2 Debt Service								
2012 and prior	Various	Various	Various	\$ 21,858	\$ -	\$ 32	\$ 10	\$ (1,277)	\$ 20,539	
2013	1.040000	0.327000	2,154,126,221	10,456	-	32	10	(478)	9,936	
2014	1.040000	0.327000	2,224,978,188	11,210	-	266	84	(478)	10,382	
2015	1.040000	0.327000	2,331,605,048	18,805	-	517	163	(1,054)	17,071	
2016	1.040000	0.327000	2,516,791,368	20,474	-	932	293	(1,425)	17,824	
2017	1.130000	0.257000	2,735,343,475	25,645	-	2,179	496	(785)	22,185	
2018	1.130000	0.237000	2,955,329,700	35,933	-	6,684	1,402	1,266	29,113	
2019	1.170000	0.197000	3,039,984,418	72,641	-	23,579	3,970	1,450	46,542	
2020	1.042400	0.217000	3,229,186,835	302,594	-	199,270	41,483	2,781	64,622	
2021	0.983500	0.275900	3,494,896,697	-	44,014,729	34,199,264	9,593,875	-	221,590	
1000 Totals				<u>\$ 519,616</u>	<u>\$ 44,014,729</u>	<u>\$ 34,432,755</u>	<u>\$ 9,641,786</u>	<u>\$ -</u>	<u>459,804</u>	
									Penalty and interest receivable on taxes	<u>194,411</u>
									Total taxes receivable per Exhibit C-1	<u>\$ 654,215</u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION PROGRAM FUND
For the Year Ended August 31, 2021

Exhibit J-2

	<u>Budget</u>		<u>Actual Amounts</u> <u>GAAP Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local, Intermediate, and Out-of-State	\$ 2,384,413	\$ 2,384,413	\$ 1,830,377	\$ (554,036)
State Program Revenues	4,500	4,500	3,932	(568)
Federal Program Revenues	296,600	296,600	191,596	(105,004)
Total Revenues	<u>2,685,513</u>	<u>2,685,513</u>	<u>2,025,905</u>	<u>(659,608)</u>
Expenditures				
Food Services	2,483,772	2,483,772	1,919,326	564,446
Total Expenditures	<u>2,483,772</u>	<u>2,483,772</u>	<u>1,919,326</u>	<u>564,446</u>
Excess (Deficiency) Revenues Over Expenditures	<u>201,741</u>	<u>201,741</u>	<u>106,579</u>	<u>(95,162)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	31,547	31,547
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>31,547</u>	<u>31,547</u>
Increase (Decrease) in Fund Balance	201,741	201,741	138,126	(63,615)
Fund Balance - September 1 (Beginning)	<u>447,087</u>	<u>447,087</u>	<u>447,087</u>	<u>-</u>
Fund Balance - August 31 (Ending)	<u>\$ 648,828</u>	<u>\$ 648,828</u>	<u>\$ 585,213</u>	<u>\$ (63,615)</u>

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

Exhibit J-3

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts GAAP Basis	
Revenues				
Local, Intermediate, and Out-of-State	\$ 9,673,923	\$ 9,673,923	\$ 9,687,752	\$ 13,829
State Program Revenues	167,471	167,471	181,063	13,592
Total Revenues	<u>9,841,394</u>	<u>9,841,394</u>	<u>9,868,815</u>	<u>27,421</u>
Expenditures				
Debt Service:				
Principal	4,330,000	4,330,000	4,330,000	-
Interest and Fiscal Agent Fees	4,089,200	5,101,120	5,101,120	-
Debt service costs and fees	3,800	485,376	3,800	481,576
Total Expenditures	<u>8,423,000</u>	<u>9,916,496</u>	<u>9,434,920</u>	<u>481,576</u>
Other Financing Sources (Uses)				
Premium on issuance of bonds	-	1,493,496	1,493,496	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,493,496</u>	<u>1,493,496</u>	<u>-</u>
Increase (Decrease) in Fund Balance	1,418,394	1,418,394	1,927,391	508,997
Fund Balance - September 1 (Beginning)	1,660,404	1,660,404	1,660,404	-
Fund Balance - August 31 (Ending)	<u>\$ 3,078,798</u>	<u>\$ 3,078,798</u>	<u>\$ 3,587,795</u>	<u>\$ 508,997</u>

FEDERAL AWARDS SECTION



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

To the Board of Trustees
Friendswood Independent School District
Friendswood, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Friendswood 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 District’s basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Trustees
Friendswood Independent School District

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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
December 8, 2021

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

To the Board of Trustees
Friendswood Independent School District
Friendswood, Texas

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



Houston, Texas
December 8, 2021

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

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance with major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs

Name of Federal Program or Cluster:	Assistance Listing Numbers
-------------------------------------	----------------------------

US Department of Education:

Special Education Cluster	84.027A & 84.173A
COVID-19 ESSER Grant	84.425D
COVID-19 Operation Connectivity Prior Period Reimbursement (PPRP) Fund - ESSER I	84.425D
COVID-19 CRRSA ESSER II	84.425D
COVID-19 ARP ESSER III	84.425U
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2021

Financial Statement Findings

None reported

Federal Awards Findings and Questioned Costs

None reported

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

Exhibit K-1
Page 1 of 2

(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) ALN ¹	(3) Federal Expenditures
U.S. Department of Treasury				
Passed Through Texas Education Agency:				
52202002	COVID-19 Operation Connectivity Bulk Purchase Program	277	21.019	\$ 20,000
Passed Through City of Friendswood:				
52202002	COVID-19 Operation Connectivity Bulk Purchase Program	277	21.019	20,000
Passed Through Region IV Education Service Center:				
52202001	COVID-19 Operation Connectivity Bulk Purchase Program (Non-cash assistance)	277	21.019	82,388
Passed Through Texas Division of Emergency Management				
2020-CF-21019	COVID-19 Coronavirus Relief Fund (CRF)	199	21.019	36,186
167-UZ97C-00	COVID-19 Friendswood ISD COVID-19 Project	199	21.019	9,568
	Total ALN 21.019			<u>168,142</u>
U.S. Department of Treasury				
				<u>168,142</u>
U.S. Department of Education				
Passed Through Texas Education Agency:				
206600010849116000	IDEA - Part B, Formula	224	84.027A	16,875
216600010849116000	IDEA - Part B, Formula	224	84.027A	952,082
66002106	IDEA - Part B, High Cost Risk Pool	226	84.027A	107,200
216610010849116000	IDEA - Part B, Preschool	225	84.173A	18,316
	Total Special Education Cluster (CFDA # 84.027, 84.173)			<u>1,094,473</u>
21610101084911	ESEA Title I Part A	211	84.010A	339,828
21420006084911	Carl D. Perkins - Basic Formula	244	84.048A	43,641
21671001084911	Title III - Part A, ELA	263	84.365A	13,737
20694501084911	ESEA Title II, Part A, Supporting Effective Instruction	255	84.367A	10,255
21694501084911	ESEA Title II, Part A, Supporting Effective Instruction	255	84.367A	103,007
	Total ALN 84.367			<u>113,262</u>
20680101084911	Title IV, Part A, Subpart 1	289	84.424A	10,703
21680101084911	Title IV, Part A, Subpart 1	289	84.424A	9,994
	Total ALN 84.424			<u>20,697</u>
20521001084911	COVID-19 ESSER Grant	199	84.425D	140,894
20521001084911	COVID-19 ESSER Grant	266	84.425D	4,280
52102035	COVID-19 Operation Connectivity Prior Period Reimbursement (PPRP) Fund - ESSER I	266	84.425D	82,296
52102035	COVID-19 Operation Connectivity Prior Period Reimbursement (PPRP) Fund - ESSER I	199	84.425D	20,993
52102035	COVID-19 Operation Connectivity Prior Period Reimbursement (PPRP) Fund - ESSER I	410	84.425D	30,625
52102035	COVID-19 Operation Connectivity Prior Period Reimbursement (PPRP) Fund - ESSER I	461	84.425D	22,183
21521001084911	COVID-19 CRRSA ESSER II	281	84.425D	370,439
21528001084911	COVID-19 ARP ESSER III	282	84.425U	36,537
	Total ALN 84.425			<u>708,247</u>
Total U.S. Department of Education				
				<u>2,333,885</u>

¹ Assistance Listing Number, formerly known as Catalog of Federal Domestic Assistance (CFDA).

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

Exhibit K-1
Page 2 of 2

(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) ALN ¹	(3) Federal Expenditures
	U.S. Department of Agriculture			
00410	National School Lunch Program - USDA Commodities (Non-cash assistance)	240	10.555	56,037
	Passed Through Texas Education Agency:			
	Cash Assistance:			
71302101	National School Lunch Program	240	10.555	148,286
71402101	School Breakfast Program	240	10.553	13,956
	Passed Through Texas Department of Agriculture:			
	COVID-19 - National School Lunch Program -			
00513	Emergency Operational Costs (EOC)	240	10.555	<u>14,975</u>
	Total Child Nutrition Cluster (CFDA # 10.553, 10.555)			<u>233,254</u>
	Total U.S. Department of Agriculture			<u>233,254</u>
	Total Expenditures of Federal Awards			<u>\$ 2,735,281</u>

¹ Assistance Listing Number, formerly known as Catalog of Federal Domestic Assistance (CFDA).

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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. Generally, unused balances are returned to the grantor at the close of specified project periods. All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the 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 the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards ("SEFA") and expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds:

Total Expenditures of Federal Awards - Exhibit K-1	\$ 2,735,281
Medicaid SHARS	333,164
Total Federal Revenue - Exhibit C-3	<u><u>\$ 3,068,445</u></u>

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

Note 4 – General Fund Expenditures

Federal awards reported in the general fund are summarized as follows:

Medicaid SHARS	\$ 333,164
Reimbursements for Prior Year Expenditures:	
COVID-19 Coronavirus Relief Fund (CRF)	36,186
COVID-19 FEMA	9,568
ESSER Grant	119,611
COVID-19 Operation Connectivity Prior Period	
Reimbursement (PPRP) Fund - ESSER I	20,993
Indirect Costs:	
National School Lunch Program	38,075
School Breakfast Program	3,583
ESEA Title I Part A	12,726
IDEA - Part B, Formula	36,230
IDEA - Part B, Preschool	684
Carl D. Perkins - Basic Formula	1,626
ESEA Title II, Part A, Supporting Effective Instruction	4,240
Title III - Part A, ELA	517
Title IV, Part A, Subpart 1	779
ESSER Grant	21,930
ARP ESSER III	5,379
Total Indirect Costs	<u>125,769</u>
Total Federal Revenue - Exhibit C-3	<u><u>\$ 645,291</u></u>

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

All audit findings included in the prior audit's schedule of findings and questioned costs and

All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

Prior Audit Findings

None Noted

FRIENDSWOOD INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

Corrective Action Plan

Not Applicable