AGUA DULCE INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

For the Year Ended August 31, 2021

GOWLAND, STREALY, MORALES & COMPANY, PLLC

Certified Public Accountants

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

TABLE OF CONTENTS

	Page	Exhibit
INTRODUCTORY SECTION		
Certificate of Board	1	
FINANCIAL SECTION		
Independent Auditor's Report	2	
Management's Discussion and Analysis (Required Supplementary Information)	4	
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	13	A-1
Statement of Activities	14	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds	15	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18	C-3
Statement of Net Position - Internal Service Fund	19	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Fund	20	D-2
Statement of Cash Flows - Proprietary Funds	21	D-3
Statement of Fiduciary Net Position - Fiduciary Funds	22	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	23	E-2
Notes to the Financial Statements	24	
Required Supplementary Information		
Budgetary Comparison Schedules:		
General Fund	46	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System Of Texas	47	G-2
Schedule of District's Contributions - Teacher Retirement System Of Texas	48	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability - OPEB Plan	49	G-4
Schedule of District's Contributions - OPEB Plan	50	G-5
Notes to Required Supplementary Information	51	
Combining Statements as Supplementary Information:		
Combining Balance Sheet - All Nonmajor Governmental Funds	52	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Nonmajor Governmental Funds	53	H-2

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

TABLE OF CONTENTS

	Page	Exhibit
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds	54	H-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	56	H-4
Schedule of Delinquent Taxes Receivable	58	J-1
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program	60	J-2
Debt Service Fund	61	J-3
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*	62	
Schedule of Findings and Questioned Costs	64	
Summary Schedule of Prior Audit Findings	65	
Corrective Action Plan	66	
Schedule of Required Responses to Selected School First Indicators	67	K-1

Introductory Section

CERTIFICATE OF BOARD

Agua Dulce Independent School District	Nueces	178-901
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ___✓___approved _____disapproved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on the 24th day of January, 2022.

Signature of Board Secretary

Signature of Board President

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

Financial Section

GOWLAND, STREALY, MORALES & COMPANY, PLLC
Certified Public Accountants

5934 S. Staples St. Ste. 201
Corpus Christi, TX 78413
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Fax: (361) 991-2880

Independent Auditor's Report

To the Board of Trustees
Agua Dulce Independent School District
P.O. Box 250
Agua Dulce, Texas 78330-0250

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Agua Dulce 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 Responsibilities for the Audit of the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Agua Dulce Independent School 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Agua Dulce Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2022 on our consideration of Agua Dulce Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Agua Dulce Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Gowland, Strealy, Morales & Co., PLLC

Corpus Christi, Texas
January 6, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The District's total combined net position was $4,103,773 at August 31, 2021.
- During the year, the District's expenses were $632,985 less than the $6,516,695 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of $3,549,937 an increase of $738,680 from 2020 ending fund balance.
- The increase in functional expenses is primarily due to an increase in salaries as well as additional expenses to satisfy COVID protocols.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Figure A-1F, Required Components of the District's Annual Financial Report

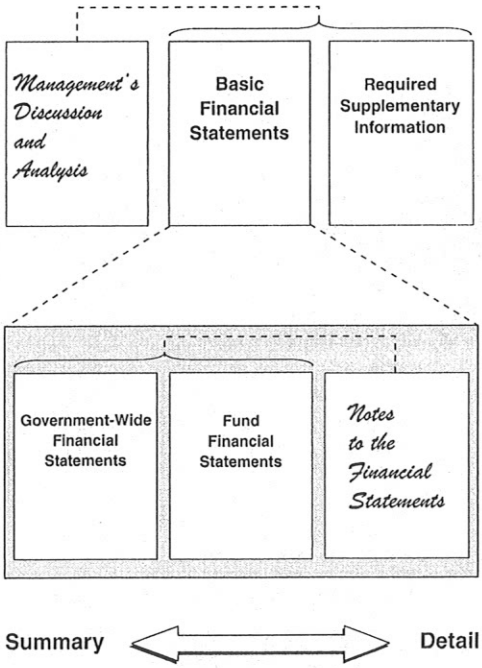

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of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

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

		Fund Statements		
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures & changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net postion
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has 2 kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was $4,103,773 at August 31, 2021. (See Table A-1).

Table A-1
Agua Dulce Independent School District's Net Position
(actual dollars)

	Governmental Activities 2021	Governmental Activities 2020	Total Change 2021-2020
Current assets:			
Cash and cash equivalents	$ 3,283,969	$ 2,821,030	$ 462,939
Property Taxes Receivable (Net)	121,495	167,937	(46,442)
Due from other governments	1,030,501	778,881	251,620
Due from Fiduciary	25,357	13,270	12,087
Other Receivables (Net)	8,696	10,269	(1,573)
Total current assets:	4,470,018	3,791,387	678,631
Noncurrent assets:			
Land	52,019	52,019	0
Buildings, Furniture & Equipment	7,663,580	7,861,451	(197,871)
Total noncurrent assets	7,715,599	7,913,470	(197,871)
Total Assets	12,185,617	11,704,857	480,760
Deferred Outflows	1,142,290	830,749	311,541
Current liabilities:			
Accounts payable and Accrued liabilities	252,238	192,242	59,996
Due to Other Governments	0	1,557	(1,557)
Deferred revenue	0	9	(9)
Current portion of long-term debt	105,000	280,000	(175,000)
Total current liabilities	357,238	473,808	(116,570)
Long-term liabilities:			
Due in More Than One Year	4,930,933	5,049,962	(119,029)
Net Pension and OPEB Liaiblity	2,463,983	2,427,996	35,987
Total Liabilities	7,752,154	7,951,766	(199,612)
Deferred Inflows	1,471,980	1,113,052	358,928
Net Position:			
Invested in capital assets	3,302,596	3,258,060	44,536
Restricted	546,855	618,891	(72,036)
Unrestricted	254,322	(406,163)	660,485
Total Net Position	$ 4,103,773	$ 3,470,788	$ 632,985

Unrestricted net position reflects a balance of $254,322 The small Unrestricted Net Position is created by a prior period adjustment resulting from the implementation of GASB 75 for OPEB Liability. The District reports its proportionate share of the net OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Changes in net position. The District's total revenues were $6,516,695. A significant portion, 35 percent, of the District's revenue comes from taxes. The remainder comes from state and federal programs, investment earnings, charges for services, and miscellaneous other services.

The total cost of all programs and services was $5,883,710; 58% of these costs are for instructional and student services including food service.

Governmental Activities

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Table A-2
Changes in Agua Dulce Independent School District's Net Position
(in actual dollars)

	Governmental Activities 2021	Governmental Activities 2020	Total Change 2021-2020
Program Revenues:			
Charges for Services	$ 15,761	$ 29,393	$ (13,632)
Operating Grants and Contributions	637,006	867,597	(230,591)
General Revenues			
Property Taxes	2,260,865	2,281,736	(20,871)
State Aid – Formula	3,379,488	3,165,604	213,884
Investment Earnings	5,848	7,485	(1,637)
Other	217,727	41,519	176,208
Total Revenues	6,516,695	6,393,334	123,361
Instruction	3,145,218	3,236,229	(91,011)
Instructional Resources and Media Services	32,599	107,982	(75,383)
Curriculum Dev. And Instructional Staff Dev.	27,367	25,779	1,588
School Leadership	285,651	291,779	(6,128)
Guidance, Counseling and Evaluation Services	142,709	89,828	52,881
Health Services	46,583	44,521	2,062
Student (Pupil) Transportation	164,258	162,335	1,923
Food Services	198,819	283,331	(84,512)
Curricular/Extracurricular Activities	475,090	336,006	139,084
General Administration	422,560	372,804	49,756
Plant Maintenance & Operations	737,132	629,724	107,408
Security and Monitoring Services	22,748	29,172	(6,424)
Data Processing Services	13,582	16,205	(2,623)
Debt Service	160,221	171,501	(11,280)
Payments Related to Shared Service Arrangements	9,173	7,492	1,681
	5,883,710	5,804,688	79,022
Change in Net Position	632,985	588,646	44,339
Net Position - Beginning	3,470,788	2,914,059	556,729
Prior Period Adjustment/Special Item		(31,917)	31,917
Net Position Ending	$ 4,103,773	$ 3,470,788	$ 632,985

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

- The cost of all *governmental* activities this year was $5,883,710.
- However, the amount that our taxpayers paid for these activities through property taxes was $2,260,865.
- Some of the cost was paid by those who directly benefited from the programs $15,761, or
- By operating grants and contributions $637,006.

Table A-3
Net Cost of Selected District Functions and WADA
(in actual dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2021	2020		2021	2020	
Instruction	$ 3,145,218	$ 3,236,229	-2.81%	$ 2,797,887	$ 2,870,569	-2.53%
School Leadership	285,651	291,779	-2.10%	274,082	277,985	-1.40%
Food Service	198,819	283,331	-29.83%	15,185	(57,106)	-126.59%
General Administration	422,560	372,804	13.35%	405,145	356,003	13.80%
Plant Maintenance & Operations	737,132	629,724	17.06%	695,030	598,470	16.13%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled $6,496,908 an increase of 3.55% over the preceding year $6,266,192. The most significant increase in revenue was state revenue increase due to a higher ADA.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget (3) three times. Even with these adjustments, actual expenditures were $1,048,855 less than the final budget amounts. The majority of the savings came from capital outlay items not purchased.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021 the District had invested $7,715,599 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of 197,871.

Table A-4
District's Capital Assets
(in actual dollars)

	Governmental Activities 2020	Additions	Deletions	Total 2021
Land	$ 52,019	$	$	$ 52,019
Buildings and improvements	10,955,776	63,004		11,018,780
Equipment and Vehicles	1,174,386	53,128	37,200	1,190,314
Totals at historical cost	12,182,181	116,132	37,200	12,261,113
Total accumulated depreciation	(4,268,711)	(314,003)	(37,200)	(4,545,514)
Net capital assets	$ 7,913,470	$ (197,871)	$ -	$ 7,715,599

Long Term Debt

At year-end the District had $4,415,000 in bonds outstanding as shown in Table A-5. More detailed information about the District debt is presented in the Notes to the Financial Statements.

Table A-5
District's Long Term Debt
(in actual dollars)

	Governmental Activites			
	Ending Balance 2020	Increases	Decreases	Ending Balance 2021
Bonds Payable	$ 4,695,000	$	$ 280,000	$ 4,415,000
Sick Leave Payable	$ 33,600	$ 9,100	$	$ 42,700
Premium	$ 601,362	$	$ 23,129	$ 578,233
Pension Liability	$ 1,044,157	$ 11,068	$	$ 1,055,225
OPEB Liablity	$ 1,383,839	$ 24,919	$	$ 1,408,758

Net Pension Liability

The District implemented GASB Statement No. 68 during the year ended August 31, 2015. A prior period adjustment of $261,148 was required to record the beginning balance of the pension liability for the year ended August 31, 2014. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental non-employer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

Other Post-Employment Benefit Plans (OPEB)

The District implemented GASB Statement No. 75 during the year ended August 31, 2018. A prior period adjustment of $2,622,424 was required to record the beginning balance of the pension liability for the year ended August 31, 2017. 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 Benefits (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of health insurance unaffected by the change. However, the adoption has resulted in reporting in the government-wide financial statements to reflect the net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified plan and the recognition of expense in accordance with the provisions of the Statement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District finished 2020-2021 with a fund balance of $3,549,937 in the general fund. This being an increase of $738,680 over the previous year. Total revenues in the general fund were $5,501,261 with total expenditures of $4,762,581.
- The district has a bonded indebtedness of $4,415,000. Bond payments are made each year in a timely manner in February and August.
- The district's refined average daily attendance is on the rise.
- The district has sought and will continue to seek funding from other sources.
- The district will consider cuts in state funding during budget preparations if necessary.
- The tax rate remains the same for 2022. Maintenance Tax rate remains at 0.9669 and the 2022 Debt Tax remains at $0.2374/$100.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at 361-998-2542 extension 2.

Basic Financial Statements

EXHIBIT A-1

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
AUGUST 31, 2021

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	*Cash and Cash Equivalents*	$ 3,283,969
1225	*Property Taxes Receivable (Net)*	121,495
1240	*Due from Other Governments*	1,030,501
1267	*Due from Fiduciary*	25,357
1290	*Other Receivables (Net)*	8,696
	Capital Assets:	
1510	*Land*	52,019
1520	*Buildings and Improvements, Net*	7,026,601
1530	*Furniture and Equipment, Net*	636,979
1000	Total Assets	12,185,617
	DEFERRED OUTFLOWS OF RESOURCES:	
	Deferred Outflow Related to Pensions	442,541
	Deferred Outflow Related to OPEB	699,749
1700	Total Deferred Outflows of Resources	1,142,290
	LIABILITIES:	
2110	*Accounts Payable*	82,828
2165	*Accrued Liabilities*	169,410
	Noncurrent Liabilities:	
2501	*Due Within One Year*	105,000
2502	*Due in More Than One Year*	4,930,933
2540	*Net Pension Liability*	1,055,225
2545	*Net OPEB Liability*	1,408,758
2000	Total Liabilities	7,752,154
	DEFERRED INFLOWS OF RESOURCES:	
	Deferred Inflow Related to Pensions	167,196
	Deferred Inflow Related to OPEB	1,304,784
2600	Total Deferred Inflows of Resources	1,471,980
	NET POSITION:	
3200	Net Investment in Capital Assets	3,302,596
	Restricted For:	
3820	Federal and State Programs	42,930
3850	Debt Service	489,671
3860	Capital Projects	1,204
3870	Campus Activities	13,050
3900	Unrestricted	254,322
3000	Total Net Position	$ 4,103,773

The accompanying notes are an integral part of this statement.

EXHIBIT B-1

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	Governmental Activities:				
11	*Instruction*	$ 3,145,218	$ --	$ 347,331	$ (2,797,887)
12	*Instructional Resources and Media Services*	32,599	--	1,040	(31,559)
13	*Curriculum and Staff Development*	27,367	--	1,144	(26,223)
23	*School Leadership*	285,651	--	11,569	(274,082)
31	*Guidance, Counseling, and Evaluation Services*	142,709	--	5,784	(136,925)
33	*Health Services*	46,583	--	1,893	(44,690)
34	*Student Transportation*	164,258	--	5,972	(158,286)
35	*Food Service*	198,819	8,998	174,636	(15,185)
36	*Cocurricular/Extracurricular Activities*	475,090	6,763	15,688	(452,639)
41	*General Administration*	422,560	--	17,415	(405,145)
51	*Facilities Maintenance and Operations*	737,132	--	42,102	(695,030)
52	*Security and Monitoring Services*	22,748	--	7,600	(15,148)
53	*Data Processing Services*	13,582	--	562	(13,020)
72	*Interest on Long-term Debt*	159,421	--	3,854	(155,567)
73	*Bond Issuance Costs and Fees*	800	--	--	(800)
93	*Payments Related to Shared Services Arrangements*	9,173	--	416	(8,757)
TG	Total Governmental Activities	5,883,710	15,761	637,006	(5,230,943)
TP	Total Primary Government	$ 5,883,710	$ 15,761	$ 637,006	(5,230,943)

	General Revenues:	
MT	*Property Taxes, Levied for General Purposes*	1,806,864
DT	*Property Taxes, Levied for Debt Service*	454,001
IE	*Investment Earnings*	5,848
GC	*Grants and Contributions Not Restricted to Specific Programs*	3,379,488
MI	*Miscellaneous*	217,727
TR	Total General Revenues	5,863,928
CN	Change in Net Position	632,985
NB	Net Position - Beginning	3,470,788
NE	Net Position - Ending	$ 4,103,773

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 2,844,934	$ 471,153	$ 36,686	$ 3,352,773
1225	*Taxes Receivable, Net*	95,560	25,935	--	121,495
1240	*Due from Other Governments*	1,022,560	--	7,941	1,030,501
1260	*Due from Other Funds*	18,729	16,994	29,221	64,944
1290	*Other Receivables*	7,172	1,524	--	8,696
1000	Total Assets	3,988,955	515,606	73,848	4,578,409
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ 64,512	$ --	$ 7,244	$ 71,756
2150	*Payroll Deductions and Withholdings*	180	--	48	228
2160	*Accrued Wages Payable*	164,583	--	4,599	169,182
2170	*Due to Other Funds*	114,183	--	4,773	118,956
2000	Total Liabilities	343,458	--	16,664	360,122
	DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue	95,560	25,935	--	121,495
2600	Total Deferred Inflows of Resources	95,560	25,935	--	121,495
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	*Federal/State Funds Grant Restrictions*	--	--	42,930	42,930
3480	*Retirement of Long-Term Debt*	--	489,671	--	489,671
3490	*Other Restrictions of Fund Balance*	--	--	13,050	13,050
	Committed Fund Balances:				
3510	*Construction*	750,000	--	1,204	751,204
3545	*Other Committed Fund Balance*	250,000	--	--	250,000
3600	Unassigned	2,549,937	--	--	2,549,937
3000	Total Fund Balances	3,549,937	489,671	57,184	4,096,792
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 3,988,955	$ 515,606	$ 73,848	$ 4,578,409

The accompanying notes are an integral part of this statement.

EXHIBIT C-1R

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2021

Total fund balances - governmental funds balance sheet	$	4,096,792
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		7,715,598
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		121,495
The assets and liabilities of internal service funds are included in governmental activities in the SNP.		(507)
Payables for bond principal which are not due in the current period are not reported in the funds.		(4,415,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(42,700)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		(578,233)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(1,055,225)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(167,196)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		442,541
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(1,408,758)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(1,304,784)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		699,749
Net position of governmental activities - Statement of Net Position	$	4,103,772

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 1,979,937	$ 457,012	$ 109,696	$ 2,546,645
5800	*State Program Revenues*	3,520,585	3,854	2,042	3,526,481
5900	*Federal Program Revenues*	739	--	423,043	423,782
5020	Total Revenues	5,501,261	460,866	534,781	6,496,908
	EXPENDITURES:				
	Current:				
0011	*Instruction*	2,636,131	--	230,143	2,866,274
0012	*Instructional Resources and Media Services*	23,283	--	6,995	30,278
0013	*Curriculum and Staff Development*	25,963	--	--	25,963
0023	*School Leadership*	261,047	--	--	261,047
0031	*Guidance, Counseling, and Evaluation Services*	130,633	--	--	130,633
0033	*Health Services*	42,721	--	--	42,721
0034	*Student Transportation*	134,897	--	--	134,897
0035	*Food Service*	--	--	226,516	226,516
0036	*Cocurricular/Extracurricular Activities*	354,345	--	89,261	443,606
0041	*General Administration*	393,362	--	--	393,362
0051	*Facilities Maintenance and Operations*	723,514	--	44,463	767,977
0052	*Security and Monitoring Services*	14,626	--	6,955	21,581
0053	*Data Processing Services*	12,886	--	--	12,886
0071	*Principal on Long-term Debt*	--	280,000	--	280,000
0072	*Interest on Long-term Debt*	--	182,550	--	182,550
0073	*Bond Issuance Costs and Fees*	--	800	--	800
0093	*Payments to Shared Service Arrangements*	9,173	--	--	9,173
6030	Total Expenditures	4,762,581	463,350	604,333	5,830,264
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	738,680	(2,484)	(69,552)	666,644
1200	Net Change in Fund Balances	738,680	(2,484)	(69,552)	666,644
0100	Fund Balances - Beginning	2,811,257	492,155	126,736	3,430,148
3000	Fund Balances - Ending	$ 3,549,937	$ 489,671	$ 57,184	$ 4,096,792

The accompanying notes are an integral part of this statement.

EXHIBIT C-3

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	$	666,644
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		116,132
The depreciation of capital assets used in governmental activities is not reported in the funds.		(314,003)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(46,443)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		280,000
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(9,100)
Bond premiums are reported in the funds but not in the SOA.		23,129
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		(113,339)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.		29,965
Change in net position of governmental activities - Statement of Activities	$	632,985

The accompanying notes are an integral part of this statement.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUND FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Nonmajor Internal Service Fund Insurance Fund
	OPERATING REVENUES:	
5700	*Local and Intermediate Sources*	$ 12,707
5020	Total Revenues	12,707
	OPERATING EXPENSES:	
6200	*Professional and Contracted Services*	12,707
6030	Total Expenses	12,707
1300	Change in Net Position	--
0100	Total Net Position - Beginning	(507)
3300	Total Net Position - Ending	$ (507)

The accompanying notes are an integral part of this statement.

EXHIBIT E-1

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2021

Data Control Codes		Private-purpose Trust Fund Scholarship Fund	Custodial Fund Student Activity
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ --	$ 36,446
1800	*Restricted Assets*	14,568	--
1000	Total Assets	14,568	36,446
	LIABILITIES:		
	Current Liabilities:		
2170	*Due to Other Funds*	$ --	$ 25,356
2000	Total Liabilities	--	25,356
	NET POSITION:		
3800	*Held in Trust*	14,568	--
2190	*Restricted for Other Purposes*	--	11,090
3000	Total Net Position	$ 14,568	$ 11,090

The accompanying notes are an integral part of this statement.

EXHIBIT E-2

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

	Private Purpose Trusts	Custodial Funds
ADDITIONS:		
Investment Income	$ 8	$ --
Net (Decrease) in Fair Value of Investments	--	--
Employer Contributions	--	--
Plan Member Contributions	--	--
Contributions from Foundations, Gifts and Bequests	--	--
Student Group Fundraising Activities	--	45,512
Total Additions	8	45,512
DEDUCTIONS:		
Benefits	--	--
Refunds of Contributions	--	--
Operating Supplies	--	56,858
Total Deductions	--	56,858
Change in Fiduciary Net Position	8	(11,345)
Net Position-Beginning of the Year	14,560	--
Prior Period Adjustment-New GASB Standard for Ficuciary Activities	--	22,435
Net Position-End of the Year	$ 14,568	$ 11,090

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

f. Receivable and Payable Balances

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

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

g. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave in a lump case payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

j. Data Control Codes

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

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

l. Net Position Flow Assumption

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

m. Fund Balance Flow Assumptions

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

4. Pensions

The fiduciary net position of the 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.

5. 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.

6. Implementation of New Standards

GASB Statement No. 84, *Fiduciary Activities*

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

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

GASB Statement No. 92, *Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for* Internal Revenue Code *Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No.* 14 and No. 84, and a Supersession of GASB Statement No. 32.

2. Investments:

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

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

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

The District's investment at August 31, 2021 is shown below.

Investment or Investment Type	Maturity	Fair Value
None	N/A	$ N/A

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 52,019	$	$ --	$ 52,019
Construction in progress	--	--	--	--
Total capital assets not being depreciated	52,019	--	--	52,019
Capital assets being depreciated:				
Buildings and improvements	10,955,777	63,004	--	11,018,781
Equipment	686,959	11,393	37,200	661,152
Vehicles	487,426	41,735	--	529,161
Total capital assets being depreciated	12,130,162	116,132	37,200	12,209,094

Less accumulated depreciation for:				
Buildings and improvements	(3,766,534)	(225,646)	--	(3,992,180)
Equipment	(227,254)	(58,999)	(37,200)	(249,053)
Vehicles	(274,923)	(29,358)	--	(304,281)
Total accumulated depreciation	(4,268,711)	(314,003)	(37,200)	(4,545,514)
Total capital assets being depreciated, net	7,861,450	(197,871)	--	7,663,579
Governmental activities capital assets, net	$ 7,913,469	$ (197,871)	$ --	$ 7,715,598

Depreciation was charged to functions as follows:

	Beginning Balances
Instruction	$ 161,308
Instructional Resources and Media Services	1,672
Curriculum and Staff Development	1,404
School Leadership	14,650
Guidance, Counseling, & Evaluation Services	7,319
Health Services	2,389
Student Transportation	29,358
Food Services	10,197
Extracurricular Activities	24,366
General Administration	21,672
Plant Maintenance and Operations	37,805
Security and Monitoring Services	1,167
Data Processing Services	696
	$ 314,003

E. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	$ 4,773	Short-term loans
General Fund	Trust and Agency	13,956	Short-term loans
Internal Service Fund	General Fund	79,369	Short-term loans
Debt Service	General Fund	16,994	Short-term loans
Other Governmental Funds	General Fund	17,820	Short-term loans
Other Governmental Funds	Trust and Custodial	11,401	Short-term loans
	Total	$ 144,313	

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

F. Long-Term Obligations

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

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
2009 Unlimted Refunding Bonds 3.0%	$ 280,000	$	$ 280,000	$ --	$
2016 Unlimted Tax School Building Bonds 4.0%	4,415,000			4,415,000	105,000
Total governmental activities	4,695,000	--	280,000	4,415,000	$ 105,000
Current Portion Due Within One Year				105,000	
				4,310,000	
Sick Leave Payable	33,600	9,100		42,700	
Premium Payable	601,362		23,129	578,233	
Due in More Than One Year	$	$ 9,100	$ 23,129	$ 4,930,933	
Pension Liability	$ 1,044,157	$ 11,068	$	$ 1,055,225	
OPEB Liability	$ 1,383,839	$ 24,919	$	$ 1,408,758	

* Other long-term liabilities
The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	Gemeral Fund
Claims and judgments	Governmental	Gemeral Fund
Net Pension Liability *	Governmental	Gemeral Fund
Claims and judgments	Business-type	Internal Service Fund

2. Debt Service Requirements

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

	Governmental Activities	
	Bonds	
Year Ending August 31,	Principal	Interest
2022	$ 105,000	176,600
2023	110,000	172,400
2024	115,000	168,000
2025	120,000	163,400
2026	125,000	158,600
2027-2031	700,000	714,000
2032-2036	855,000	562,000
2037-2041	1,035,000	377,600
2042-2046	1,250,000	153,200
2047-2051		
Totals	$ 4,415,000	$ 2,645,800

G. Risk Management

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

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their) beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

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

4. Contributions

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

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

Contribution Rates

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

District's 2021 Employer Contributions	$	83,009
District's 2021 Member Contributions	$	212,337
2020 NECE On-Behalf Contributions (state)	$	180,751

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

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

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

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

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Last year ending August 31 in Projection Period	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

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

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

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

Asset Class	Target Allocation *	Long-Term Expected Arithmetic Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	(0.70)%	(0.05)%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources & Infrastructure	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	1.50%	(0.03)%
Asset Allocation Leverage	(6.00%)	1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ***	-		(0.67)%
Total	**100.0%**		**7.33%**

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

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	$ 1,627,138	$ 1,055,225	$ 590,558

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

At August 31, 2021, the District reported a liability of $1,055,225 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 1,055,225
State's proportionate share that is associated with District	2,346,250
Total	$ 3,401,475

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0019702487 percent which was a decrease from 0.0020086451 percent from its proportion measured as of August 31, 2019.

9. 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 $282,202 and revenue of $282,202 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,927	$ 29,449
Changes in actuarial assumptions	244,850	104,108
Difference between projected and actual investment earnings	21,363	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	91,392	33,639
Contributions paid to TRS subsequent to the measurement date	83,009	--
Total	$ 442,541	$ 167,196

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

Year ended August 31,	Pension Expense Amount
2022	$ 67,654
2023	$ 61,504
2024	$ 52,891
2025	$ 21,113
2026	$ (9,798)
Thereafter	$ (1,029)

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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.

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

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

4. Contributions

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

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

Contribution Rates	
	Rate
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding *	1.25%
Total	

* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.

District's 2021 Employer Contributions	$	30,093
District's 2021 Member Contributions	$	30,093
2020 NECE On-Behalf Contributions (state)	$	37,849

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to *(regardless of whether they participate in the TRS Care OPEB Program)*. When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of $535 per retiree.

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

5. Actuarial Assumptions

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

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

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability	

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.50% to 4.25%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 45% participation after age 65.
Ad Hoc Post-Employment Benefit Changes	None

6. Discount Rate

A single discount rate of 2.33 percent was used to measure the total OPEB liability. This was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	$ 1,690,507	$ 1,408,758	$ 1,186,218

8. 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 $314,919 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	$	1,408,758
State's proportionate share that is associated with the District	$	1,893,034
Total	$	3,301,792

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

At August 31, 2021 the District's proportion of the collective net OPEB liability was 0.0037058435%, compared 0.0029262113% in the prior year.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of net OPEB liability	$ 1,150,775	$ 1,408,758	$ 1,752,356

9. Changes Since the Prior Actuarial Valuation

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

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

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

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

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

The amount of OPEB expense recognized by the District in the reporting period was $(13,145).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 73,762	$ 644,720
Changes in actuarial assumptions	86,891	386,852
Differences between projected and actual investment earnings	458	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	508,545	273,212
Contributions paid to TRS subsequent to the measurement date	30,093	
Total	$ 699,749	$ 1,304,784

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

Year ended August 31,	OPEB Expense Amount
2022	$ (126,211)
2023	$ (126,274)
2024	$ (126,309)
2025	$ (126,300)
2026	$ (88,671)
Thereafter	$ (41,364)

For the year ended August 31, 2021, the District recognized OPEB expense of $(13,017) and revenue of $(13,145) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for 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 year ended August 31, 2021, the subsidy payment received by TRS-Care on behalf of the District was $12,197.

J. Employee Health Care Coverage

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of $400 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the are available for the year ended , have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

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

In November of 2019, the United States learned of the virus known as COVID-19. Over the last several months, it has changed the dynamics of the economy including the New York Stock Exchange, which has remained volatile.

The District and its Board of Trustees have no control over these global and national events, except to try to guide the District through these condition they present. These conditions may include, but may not be limited to:

1. Unstable economic environment
2. Potentially violent fluctuations in the stock market
3. Potential shortages of basic goods and services
4. Managing any loss of revenue and unexpected expenditures that may occur

As of the audit date, the District has had no material effect on the financial statements as a result of these conditions.

L. Shared Services Arrangements

Shared Services Arrangement - Membership
The District participates in a shared services arrangement ("SSA") for a Autism/Dyslexia Grant with the following school districts:

Member Districts - Autism/Dyslexia Grant
Robstown ISD
Sinton ISD
Port Aransas ISD
Ingleside ISD
Aransas Pass ISD
Bishop ISD
San Diego ISD
Benavides ISD

The District does not account for 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, school name, 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 give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through January 6, 2022 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there is one non-recognized Type II subsequent event that requires additional disclosure:

Required Supplementary Information

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

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 1,764,000	$ 1,764,000	$ 1,979,937	$ 215,937
5800	*State Program Revenues*	2,260,000	2,260,000	3,520,585	1,260,585
5900	*Federal Program Revenues*	--	--	739	739
5020	Total Revenues	4,024,000	4,024,000	5,501,261	1,477,261
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	*Instruction*	2,891,257	3,047,257	2,636,131	411,126
0012	*Instructional Resources and Media Services*	23,895	23,895	23,283	612
0013	*Curriculum and Staff Development*	26,700	26,700	25,963	737
	Total Instruction and Instr. Related Services	2,941,852	3,097,852	2,685,377	412,475
	Instructional and School Leadership:				
0023	*School Leadership*	267,173	276,173	261,047	15,126
	Total Instructional and School Leadership	267,173	276,173	261,047	15,126
	Support Services - Student (Pupil):				
0031	*Guidance, Counseling and Evaluation Services*	123,814	129,814	130,633	(819)
0033	*Health Services*	41,100	44,100	42,721	1,379
0034	*Student (Pupil) Transportation*	184,925	151,925	134,897	17,028
0036	*Cocurricular/Extracurricular Activities*	340,891	360,891	354,345	6,546
	Total Support Services - Student (Pupil)	690,730	686,730	662,596	24,134
	Administrative Support Services:				
0041	*General Administration*	366,581	399,581	393,362	6,219
	Total Administrative Support Services	366,581	399,581	393,362	6,219
	Support Services - Nonstudent Based:				
0051	*Plant Maintenance and Operations*	503,300	714,100	723,514	(9,414)
0052	*Security and Monitoring Services*	9,200	14,700	14,626	74
0053	*Data Processing Services*	14,600	13,100	12,886	214
	Total Support Services - Nonstudent Based	527,100	741,900	751,026	(9,126)
	Capital Outlay:				
0081	*Capital Outlay*	620,000	600,000	--	600,000
	Total Capital Outlay	620,000	600,000	--	600,000
	Intergovernmental Charges:				
0093	*Payments to Fiscal Agent/Member Dist.-SSA*	9,000	9,200	9,173	27
	Total Intergovernmental Charges	9,000	9,200	9,173	27
6030	Total Expenditures	5,422,436	5,811,436	4,762,581	1,048,855
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(1,398,436)	(1,787,436)	738,680	2,526,116
	Other Financing Sources (Uses):				
7915	*Transfers In*	1,000,000	1,000,000	--	(1,000,000)
7080	Total Other Financing Sources and (Uses)	1,000,000	1,000,000	--	(1,000,000)
1200	Net Change in Fund Balance	(398,436)	(787,436)	738,680	1,526,116
0100	Fund Balance - Beginning	--	--	2,811,257	2,811,257
3000	Fund Balance - Ending	$ (398,436)	$ (787,436)	$ 3,549,937	$ 4,337,373

EXHIBIT G-2

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

	Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0019702480%	0.0020086451%	0.0018649070%	0.0019172419%	0.0019820027%	0.0019304000%	0.0008629000%
District's proportionate share of the net pension liability (asset)	$ 1,055,225	$ 1,044,157	$ 1,026,490	$ 613,031	$ 748,978	$ 682,371	$ 230,493
State's proportionate share of the net pension liability (asset) associated with the District	2,346,250	1,911,511	2,069,275	1,365,997	1,701,210	1,790,499	1,523,998
Total	$ 3,401,475	$ 2,955,668	$ 3,095,765	$ 1,979,028	$ 2,450,188	$ 2,472,870	$ 1,754,491
District's covered-employee payroll	$ 2,904,737	$ 2,290,193	$ 2,540,426	$ 2,463,389	$ 2,425,753	$ 2,596,298	$ 2,399,443
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.33%	45.59%	40.41%	24.89%	30.88%	26.28%	9.61%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

EXHIBIT G-3

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
*LAST TEN FISCAL YEARS **

	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 83,009	$ 84,006	$ 70,234	$ 63,870	$ 59,821	$ 45,290	$ 57,122
Contributions in relation to the contractually required contribution	(83,009)	(84,006)	(70,234)	(63,870)	(59,821)	(45,290)	(57,122)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --
District's covered-employee payroll	$ 2,756,950	$ 2,904,737	$ 2,509,781	$ 2,540,426	$ 2,463,389	$ 2,622,765	$ 2,596,298
Contributions as a percentage of covered-employee payroll	3.01%	2.89%	2.80%	2.51%	2.43%	1.73%	2.20%

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

EXHIBIT G-4

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

	Measurement Year Ended			
	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0037058435%	0.0029262113%	0.0027760823%	0.0034391155%
District's proportionate share of the collective net OPEB liability	$ 1,408,757	$ 1,383,839	$ 1,386,123	$ 1,495,542
State proportionate share of the collective net OPEB liability associated with the District	$ 1,893,034	$ 1,838,815	$ 2,053,591	$ 2,000,499
Total	$ 3,301,791	$ 3,222,654	$ 3,439,714	$ 3,496,041
District's covered-employee payroll	$ 2,904,737	$ 2,290,193	$ 2,540,426	$ 2,463,389
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	48.50%	60.42%	54.56%	60.71%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

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

EXHIBIT G-5

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

	Fiscal Year Ended			
	2021	2020	2019	2018
Statutorily or contractually required District contribution	$ 30,093	$ 29,237	$ 20,762	$ 19,191
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(30,093)	(29,237)	(20,762)	(19,191)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --
District's covered-employee payroll	$ 2,756,950	$ 2,904,737	$ 2,509,781	$ 2,540,426
Contributions as a percentage of covered-employee payroll	1.09%	1.01%	0.83%	0.76%

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

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal yea The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.

c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the bc

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

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

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

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

Combining Statements and Budget Comparisons as Supplementary Information

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

EXHIBIT H-1

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 34,689	$ 1,997	$ 36,686
1240	*Due from Other Governments*	7,941	--	7,941
1260	*Due from Other Funds*	29,221	--	29,221
1000	Total Assets	71,851	1,997	73,848
	LIABILITIES:			
	Current Liabilities:			
2110	*Accounts Payable*	$ 6,451	$ 793	$ 7,244
2150	*Payroll Deductions and Withholdings*	48	--	48
2160	*Accrued Wages Payable*	4,599	--	4,599
2170	*Due to Other Funds*	4,773	--	4,773
2000	Total Liabilities	15,871	793	16,664
	FUND BALANCES:			
	Restricted Fund Balances:			
3450	*Federal/State Funds Grant Restrictions*	42,930	--	42,930
3490	*Other Restrictions of Fund Balance*	13,050	--	13,050
	Committed Fund Balances:			
3510	*Construction*	--	1,204	1,204
3000	Total Fund Balances	55,980	1,204	57,184
4000	Total Liabilities and Fund Balances	$ 71,851	$ 1,997	$ 73,848

EXHIBIT H-2

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 109,660	$ 36	$ 109,696
5800	*State Program Revenues*	2,042	--	2,042
5900	*Federal Program Revenues*	423,043	--	423,043
5020	Total Revenues	534,745	36	534,781
	EXPENDITURES:			
	Current:			
0011	*Instruction*	230,143	--	230,143
0012	*Instructional Resources and Media Services*	--	6,995	6,995
0035	*Food Service*	226,516	--	226,516
0036	*Cocurricular/Extracurricular Activities*	89,261	--	89,261
0051	*Facilities Maintenance and Operations*	13,351	31,112	44,463
0052	*Security and Monitoring Services*	6,955	--	6,955
6030	Total Expenditures	566,226	38,107	604,333
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(31,481)	(38,071)	(69,552)
1200	Net Change in Fund Balances	(31,481)	(38,071)	(69,552)
0100	Fund Balances - Beginning	87,461	39,275	126,736
3000	Fund Balances - Ending	$ 55,980	$ 1,204	$ 57,184

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2021

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ (130)	$ 30,224
1240	*Due from Other Governments*	--	7,941
1260	*Due from Other Funds*	939	16,320
1000	Total Assets	809	54,485
	LIABILITIES:		
	Current Liabilities:		
2110	*Accounts Payable*	$ --	$ 6,451
2150	*Payroll Deductions and Withholdings*	--	48
2160	*Accrued Wages Payable*	--	4,599
2170	*Due to Other Funds*	809	457
2000	Total Liabilities	809	11,555
	FUND BALANCES:		
	Restricted Fund Balances:		
3450	*Federal/State Funds Grant Restrictions*	--	42,930
3490	*Other Restrictions of Fund Balance*	--	--
3000	Total Fund Balances	--	42,930
4000	Total Liabilities and Fund Balances	$ 809	$ 54,485

255 ESEA Title II Training & Recruiting	266 Cares Act Coronavirus Relief Fund (CRF)	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
$ 3,507	$ (561)	$ 1,649	$ 34,689
--	--	--	7,941
--	561	11,401	29,221
3,507	--	13,050	71,851
$ --	$ --	$ --	$ 6,451
--	--	--	48
--	--	--	4,599
3,507	--	--	4,773
3,507	--	--	15,871
--	--	--	42,930
--	--	13,050	13,050
--	--	13,050	55,980
$ 3,507	$ --	$ 13,050	$ 71,851

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting
	REVENUES:				
5700	*Local and Intermediate Sources*	$ --	$ 8,998	$ --	$ --
5800	*State Program Revenues*	--	2,042	--	--
5900	*Federal Program Revenues*	111,307	172,594	3,691	15,763
5020	Total Revenues	111,307	183,634	3,691	15,763
	EXPENDITURES:				
	Current:				
0011	*Instruction*	111,307	--	3,691	15,763
0035	*Food Service*	--	226,516	--	--
0036	*Cocurricular/Extracurricular Activities*	--	--	--	--
0051	*Facilities Maintenance and Operations*	--	--	--	--
0052	*Security and Monitoring Services*	--	--	--	--
6030	Total Expenditures	111,307	226,516	3,691	15,763
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(42,882)	--	--
1200	Net Change in Fund Balances	--	(42,882)	--	--
0100	Fund Balances - Beginning	--	85,812	--	--
3000	Fund Balances - Ending	$ --	$ 42,930	$ --	$ --

266 Cares Act Coronavirus Relief Fund (CRF)	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Title I, Part A, Subpart 1	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
$ --	$ --	$ --	$ 100,662	$ 109,660
--	--	--	--	2,042
83,785	25,903	10,000	--	423,043
83,785	25,903	10,000	100,662	534,745
70,434	18,948	10,000	--	230,143
--	--	--	--	226,516
--	--	--	89,261	89,261
13,351	--	--	--	13,351
--	6,955	--	--	6,955
83,785	25,903	10,000	89,261	566,226
--	--	--	11,401	(31,481)
--	--	--	11,401	(31,481)
--	--	--	1,649	87,461
$ --	$ --	$ --	$ 13,050	$ 55,980

Other Supplementary Information

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

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2021

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes
2012 and Prior Years	$ Various	$ Various	$ Various
2013	1.17	.23	138,803,825
2014	1.17	.23	132,174,705
2015	1.17	.23	136,965,895
2016	1.1521	.1985	153,341,846
2017	1.17	.3396	136,151,511
2018	1.17	.3465	135,650,534
2019	1.17	.3465	139,376,946
2020	1.0684	.2862	166,004,857
2021 (School Year Under Audit)	.9669	.2374	188,384,978
1000 Totals			

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

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
$ 103,855	$ --	$ 12,293	$ 2,341	$ (761)	$ 88,460
19,044	--	1,451	285	(53)	17,255
20,183	--	1,477	290	(52)	18,365
29,652	--	1,652	325	--	27,675
33,013	--	1,659	286	(278)	30,791
46,358	--	4,918	1,427	(497)	39,516
69,204	--	2,686	795	(880)	64,843
69,258	--	4,367	1,293	(1,492)	62,106
102,341	--	24,634	6,599	(8,861)	62,246
--	2,257,625	1,738,452	426,813	(22,227)	70,132
$ 492,909	$ 2,257,625	$ 1,793,588	$ 440,456	$ (35,100)	$ 481,390
$ --	$ --	$ --	$ --	$ --	$ --

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

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

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 15,000	$ 8,998	$ (6,002)
5800	*State Program Revenues*	1,000	2,042	1,042
5900	*Federal Program Revenues*	225,000	172,594	(52,406)
5020	Total Revenues	241,000	183,634	(57,366)
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	*Food Services*	243,650	226,516	17,134
	Total Support Services - Student (Pupil)	243,650	226,516	17,134
	Support Services - Nonstudent Based:			
0051	*Plant Maintenance and Operations*	750	--	750
	Total Support Services - Nonstudent Based	750	--	750
6030	Total Expenditures	244,400	226,516	17,884
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(3,400)	(42,882)	(39,482)
1200	Net Change in Fund Balance	(3,400)	(42,882)	(39,482)
0100	Fund Balance - Beginning	85,812	85,812	--
3000	Fund Balance - Ending	$ 82,412	$ 42,930	$ (39,482)

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 454,050	$ 457,012	$ 2,962
5800	*State Program Revenues*	4,000	3,854	(146)
5020	Total Revenues	458,050	460,866	2,816
	EXPENDITURES:			
	Debt Service:			
0071	*Principal on Long-Term Debt*	280,000	280,000	--
0072	*Interest on Long-Term Debt*	182,550	182,550	--
0073	*Bond Issuance Costs and Fees*	800	800	--
	Total Debt Service	463,350	463,350	--
6030	Total Expenditures	463,350	463,350	--
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(5,300)	(2,484)	2,816
1200	Net Change in Fund Balance	(5,300)	(2,484)	2,816
0100	Fund Balance - Beginning	492,155	492,155	--
3000	Fund Balance - Ending	$ 486,855	$ 489,671	$ 2,816

GOWLAND, STREALY, MORALES & COMPANY, PLLC
Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Agua Dulce Independent School District
P.O. Box 250
Agua Dulce, Texas 78330-0250

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Agua Dulce Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Agua Dulce Independent School District's basic financial statements, and have issued our report thereon dated January 6, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully submitted,

Gowland, Strealy, Morales & Co., PLLC

Corpus Christi, Texas
January 6, 2022

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021

A. Summary of Auditor's Results

1. Financial Statements

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

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
NONE - N/A		

EXHIBIT K-1

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2021

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 daysfrom the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	$ --